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NEWS SUMMARY

GENERAL

IRA man calls off hunger strike

IRA hunger striker Brendan McLaughlin last night called off his fast after 14 days.

He is the first Maze prison hunger striker to take such a decision in the present protest. Four have died.

McLaughlin, 29, has been in hospital for a week suffering from internal bleeding and a perforated ulcer. On Tuesday he accepted medical treatment, but was told it might do little to prolong his life.

Doctors said on Monday he had four or five days to live.

Ulster arms find

Police found arms and ammunition at the Belfast headquarters of the Ulster Defence Association, a paramilitary group.

Envoy recalled

President Reagan has recalled to Washington his special envoy to the Middle East, Philip Habib. Back Page; Begin under attack, Page 4

Reagan stand

President Reagan said he would negotiate with the Soviet Union on arms reductions only from a position of strength. Page 5

Detective fined

A former Ripper squad detective who tried to sell information to the press following the arrest of Peter Sutcliffe was fined £750 by magistrates at Bradford, West Yorkshire.

Market for sale

City of London Corporation is to sell Billingsgate fish market paving the way for a prime office development. Back Page

Tornado contracts

Contracts for a batch of 162 Anglo - West German - Italian Tornado combat aircraft costing £1.8bn are likely to be received soon by Panavia, the combine building the aircraft. Back Page

Free travel

Greater London Council will introduce free tube travel for the capital's 1m pensioners at a cost of £3.3m a year. Page 8

Marine jet crash

Fourteen were killed and 45 injured late on Tuesday night when a marine jet crashed on the deck of the nuclear-powered U.S. aircraft carrier Nimitz off Florida.

Japan demand

Japan's Socialist opposition party demanded inspection of U.S. military facilities in Japan to see whether they contain nuclear weapons.

Killers reprieved

Three men who murdered a policeman in the Irish Republic had their death sentences commuted to 40 years in gaol.

Man of Cannes

Polish director Andrzej Wajda's Man of Iron won the top Golden Palm award at the Cannes Film Festival.

Briefly . . .

Prince Philip was inaugurated as president of the World Wildlife Fund.

Golfer was killed and his partner injured by lightning at Prestwick, Strathclyde.

A record nine challenges for the America's Cup have been accepted by the New York Yacht Club for 1983, with a 10th provisionally accepted.

Financial Times

The Financial Times regrets that some readers were unable to obtain their copy of the FT yesterday, and the closing prices on North American markets and other late news stories were not included. This was due to production problems.

BUSINESS

Dollar improves; Equities off 2.2

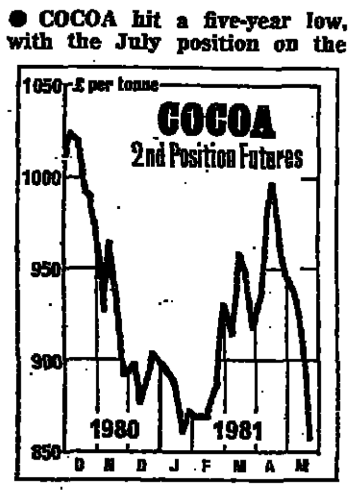
● **STERLING** fell 75 points to $2.0595, a two-year low. Otherwise, it was little changed overall, at FFr 11.43 (FFr 11.455) and DM 4.8375 (DM 4.825). Its Bank of England index was 98.7 (98.8). Page 32

● **DOLLAR** reached a four-year high of DM 2.347 (DM 2.3335). It was also firmer at SwFr 2.0875 (SwFr 2.075), FFr 5.55 (FFr 5.5425) and Y225 (Y224.4). Its trade-weighted index rose to 107.5 (107.1). Page 32

● **EQUITIES** drifted in extremely slow trading. The FT 30-share index finished at the day's low of 545.4, down 2.2. Page 40

● **GILTS** improved. The Government securities index was 0.26 higher at 66.97. Page 40

● **COCOA** hit a five-year low, with the July position on the London futures market ending £9 down at £857.5 a tonne. Page 39



● **GOLD** was $1 down at $467 in London. In New York the Comex June close was $469.7. Page 32

● **WALL STREET** was up 3.89 at 987.85 before the close. Page 33

● **U.S. PRODUCTIVITY** rose at an annual rate of 4.3 per cent in the first quarter, the fastest in three and a half years, revised figures showed.

● **UNIT TRUST** sales and net new investment reached record levels last month. Sales were £8m up at £107.4m. Page 9

● **LIVERPOOL** port will come to a standstill when 3,500 dockers hold a 24-hour strike today. Page 10

● **MORTGAGE FAMINE** may result from Government competition for personal savings, building societies' conference was warned. Page 7

● **LLOYD'S of London** is set to accept a separation of insurance brokers from underwriters, as recommended by the House of Commons committee investigating the Lloyd's Bill. Back Page

● **BELGIAN** national bank cut its discount rate from 14 to 13 per cent, returning it to the level it was at in March before emergency action to defend the franc.

● **40 PER CENT** rise in UK residents' foreign currency deposits is adding to uncertainty about when interest rates can be reduced, Barclays Bank said. Page 8

● **TATE AND LYLE** group reported profits before tax up from £9.4m to £12.3m for the half year to March 31, on turnover £365.7m higher at £995.2m. Page 24; Lex, Back Page

● **OLIVETTI**, Europe's biggest office equipment maker, expects a 50 per cent rise in group earnings this year, to L150bn (£62.9m). Page 30

● **ALLIED IRISH BANKS** saw pre-tax profits for 1980-81 up 31 per cent at almost I£53m (£40.4m). It plans a I£31.5m rights issue to fund further overseas expansion. Page 24; Lex Back Page

UK under pressure to cut price of North Sea oil

BY RAY DAFTER IN LONDON AND RICHARD JOHNS IN GENEVA

BRITISH NATIONAL Oil Corporation (BNOC), the leading trader of North Sea oil, is to come under fresh industry pressure to lower prices following an inconclusive pricing meeting in Geneva earlier this week by the Organisation of Petroleum Exporting Countries (Opec).

Some companies with substantial refinery interests want the UK to take a lead in forcing down the high prices charged for premium crudes by producers in the North Sea, Nigeria, Algeria and Libya.

In spite of demands by Saudi Arabia—the world's leading exporter—African producers refused to lower their prices. Along with other Opec members, they agreed only to peg tariffs at the rates set at the beginning of the year.

At the same time, 10 of the 13 Opec members—including the Africans—agreed to cut output in order to reduce the glut in world oil supplies. Even so, oil companies maintain that the production cuts—which could be just over 1.25m barrels a day—will not be sufficient to create a tight market in which the high prices now charged for North Sea and African crudes could be justified. Saudi Arabia has indicated that it will continue supplying oil at the present high level of 10m to 10.3m barrels a day.

But BNOC is unlikely to initiate price changes unless the African producers first offer discounts on the bulk of their production. Officials of the corporation and the Government reiterate Britain's policy of being a price-follower and not a price-setter.

Neither BNOC nor the Energy Department were commenting officially. Each was awaiting clarification of the decisions taken by the Opec ministers in Geneva.

However, it was clear that the Government would not welcome a price reduction. With UK production now approaching 1.8m barrels a day, the Treasury would lose well over £200m a year in tax revenue for each dollar reduction in price. Oil refiners assert that North Sea prices should be reduced by at least $3 a barrel.

Under its participation agreements, BNOC has a contractual obligation to buy oil from other North Sea producers at international market prices. In the past, these have been determined by the official Government selling prices of the three main African producers.

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King of Opec "beasts" makes no concessions, Page 4
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OPEC'S PLANNED PRODUCTION CUTS

	Projected production in first half 1981 in '000 b/d	% cut agreed	New level in '000 b/d
*Algeria	1,000	10	900
Ecuador	217	5	207
Gabon	170	10	153
Indonesia	1,640	7	1,530
†Iran	1,000	—	(1,000)
†Iraq	800	—	(800)
Kuwait	1,500	16.7	1,250
Libya	1,750	9.6	1,575
‡Nigeria	2,100	8	1,950
Qatar	490	15	416
UAE	1,600	10.9	1,425
Venezuela	2,200	9.2	2,000
§Saudi Arabia	10,000†	—	(10,000)
Totals	24,467		23,206

* Algerian production believed to have amounted recently to no more than 700,000 b/d.
† Iranian and Iraqi output hit by the war between them.
‡ Nigeria officially said to be running at 1.6m b/d.
§ Saudi Arabia no official figures—independent estimate.

Soames invites Civil Service unions to talks

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE FIRST sign of a break in the 11-week Civil Service pay dispute came yesterday when the Government invited the nine unions to talks "as quickly as possible."

The response from the unions awaits a meeting of the Council of Civil Service Unions today. But the invitation is almost certain to be accepted.

The letter to Mr Bill Kendall, secretary general of the council, from Lord Soames, Lord President of the Council, and Minister responsible for the Civil Service, said: "I am sure that the right course is for the two sides to meet as quickly as possible to see whether there is a way of resolving the dispute."

It follows a call by the council on Tuesday for talks "without conditions," coupled with the threat to extend disruptive action into the area of benefit payments from June 8.

Talks could start by the end of this week or early next week. However, the nature of Lord Soames' reply means that the unions cannot be certain of gaining any significant concessions from the Government.

The Civil Service Department said last night that the unions were free to initiate discussion on the Government's present offer of 7 per cent, an area of discussion which Lord Soames had previously ruled out. It was stressed, however, that there was no implicit commitment to raising the offer, and that the "Government's position on that has been made very clear."

The Department said the Government was prepared for "genuine" discussions on the 1982 cash limits which govern civil servants' pay. It also repeated the point, made several times before, that there was ample scope for negotiations on how the 7 per cent rise might be structured.

The unions estimate that the dispute has cost the Treasury about £4bn in lost revenue. Mr Peter Jones, secretary of the council, said last night: "I'm convinced that some of this money will never get into the hands of the Government."

Polaroid exposes success in a flash

By Ian Hargreaves in New York

Dr Edwin Land, the man who 48 years ago invented instant photography, was not to be seen either in New York or Boston yesterday, when the company he created, Polaroid, stepped back on to the bright side of the cameras for its most important product launch in a decade.

The founder's spirit, however, was certainly not absent from the crowded Wall Street hotel room where the company broke the news of its "Sun Camera." This is how the marketing men have chosen to style a machine that will use flash for every picture and will employ a range of sonar devices and circuitry to gauge light mix in striving for perfection in every effort of even the most bungling amateur.

The wizards from the laboratory which Dr Land still runs a year after relinquishing executive control of the company, also tossed in a colour print film rated ASA 600. That makes it 50 per cent faster than anything else on the market.

What does ASA stand for? asks an actor in a spoof commercial shown at the meeting. Answer: "A staggering achievement."

Polariod naturally believes its new offerings are far ahead of the competition. They are certainly more complex.

The 660, the more sophisticated of the two with a list price of $95 (£47.50) uses a sonar range finder and a silicon diode photo-cell to read subject distance and light quality before using its tiny logic centre to adjust the amount of light input from a battery-powered strobe unit. The cheaper 640 model ($70) has a fixed focus, but is otherwise very similar.

Polaroid's objective is to allow the instant photographer to take sharp, bright pictures even in difficult locations.

The company says the ASA 600 film will also sell well in specialist low-light medical and industrial applications.

The 600 series will be launched in Europe this autumn.

But the presentation did not exactly carry the dazzling and daring aura of the breakthrough suggested in some U.S. newspapers this week—a priming process which drove Polaroid's stock 10 per cent higher on Tuesday.

Yesterday, the stock drifted slightly lower, with the market unsure as to whether Polaroid had really invented something or not.

Selection used by Labour Left to embarrass Foot

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LEFT-WINGERS on Labour's National Executive Committee yesterday demonstrated their determination to use the new re-selection procedures for MPs as a lever on existing members. Mr Tony Benn defeated Mr Michael Foot, the Labour Party leader, by getting the Executive to agree on guidelines which will increase the pressure on local Labour parties to open up the selection contests to outsiders.

But Mr Foot succeeded in heading off another attempt by the left-wing to use the new rules to unseat existing MPs who have been re-adopted by their local party.

Th net effect of a long and at times strained, discussion by the party's National Executive Committee over the procedures local Labour Parties should use when re-selecting their MPs was marginally to increase the pressures on existing MPs, and to add to the confusion surrounding the question of re-selection.

The meeting—the first between Mr Benn and the Party leader since his refusal to toe the Shadow Cabinet line on defence—also served to heighten the tension between Mr Benn and other hard-line Left-wingers on one side of the party, and Mr Foot, and his present deputy, Mr Denis Healey, on the other.

In another sign of the bitterness in the contest for the deputy leadership, Mr. Healey yesterday accused Mr. Benn of losing no opportunity to humiliate Mr. Foot. Mr. Healey said on Independent Television News that it was obvious from the way that Mr. Benn was behaving that he could not work with Mr. Foot, and he accused Mr. Benn's supporters of no longer believing in parliamentary democracy.

He implied that he would find it difficult to support actively a party in which Mr. Benn's supporters had the upper hand.

Most of yesterday's NEC meeting was taken up by the question of re-selection which has caused such deep divisions within the party, and looks certain to cause more.

The Executive also touched briefly on Northern Ireland. The discussion indicated the pressures on Mr Foot to end the bipartisan approach to the issue.

French Cabinet approves range of social reforms

BY ROBERT MAUTHNER IN PARIS

THE WIND of change which has swept France since the election of M Francois Mitterrand as the first Socialist President of the Fifth Republic was evident yesterday in the approval of a series of social measures by the Government formed last Monday.

Meeting for the first time the Cabinet, with President Mitterrand in the chair, agreed to boost the stagnating economy by unblocking FFr 6.5bn (£530m) from a special fund incorporated in the 1981 Budget by the last Government.

M Pierre Mauroy, the Prime Minister, said the money would be used mainly to build low-rent dwellings.

The social measures agreed on by the Cabinet are the keynote of the new Government, which has promised to reduce the great inequalities in living standards that have persisted despite the country's fast growing prosperity.

Among the measures, due to be finally adopted at next Wednesday's Cabinet meeting, are raising the national minimum wage of FFr 2,644 a month, probably by about 10 per cent, and what were described by the Prime Minister as "substantial increases" in family and housing allowances and pensions.

Mr Mauroy has indicated that the next batch of social reforms being prepared by the Government include lowering of official retirement age for men from 65 to 60, though this will not be made obligatory.

The Government, he said, would consult the unions and employers' organisations on a progressive reduction of the working week from 40 to 35 hours and the introduction of a fifth paid holiday week.

On the monetary and economic front the Government has gone out of its way to dispel impressions that it will adopt a more lax attitude than its predecessor headed by M Raymond Barre.

Referring to the stringent foreign exchange controls introduced earlier this week M Mauroy said yesterday: "We have proved by our actions that we intend to defend the value of the franc.

"The flight of capital has been completely stopped since last Monday."

The Prime Minister took the opportunity to lash out at the

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Italy imposes import deposits

BY RUPERT CORNWELL IN ROME

THE BANK of Italy last night introduced a mandatory import deposit scheme to stem the country's heavy payments deficit and protect the struggling Italian currency.

From today Italian importers will have to deposit 30 per cent of the value of goods they import in a non-interest-bearing account with the Central Bank for three months. The provision will remain in force until October 1. The only categories of imports exempted are grain and oil.

Last night's measure is similar to, but less severe than, the emergency action taken in the summer of 1976. On that occasion the compulsory deposits covered 50 per cent of the value of imports and were to be frozen for six months. Italy is now, as then, facing acute political uncertainty.

The Italian authorities hope that by obliging importers to pass on the extra cost of the deposit to their customers, imports will be priced higher and demand for them will fall sharply.

The country's apparently insatiable appetite for foreign goods—and not just imported oil—has pushed its trade deficit up to L4,890bn (£2.08bn) in the first quarter of 1981 from L3,780bn in the same period last year.

The payments deficit in the first four months totalled L3,500bn (£1.49bn), according to the Bank of Italy. The concern of the Central Bank over the deteriorating economic situation has been intensified by the current Government crisis.

The political hiatus has disrupted the economic stabilisation plans of the outgoing administration headed by Sig Arnaldo Forlani.

The dollar meanwhile hit an all-time high in Milan yesterday of L1,163, while sterling for the first time ever topped L2,400.

The dollar's strength has put particular strain on Italy's payments by increasing the cost of oil and raw material imports.

The Central Bank also announced that last night it has made slight adjustments to ease the impact of the deposit scheme on Italy's current credit restrictions. In the words of a bank official last night this is to avoid the squeeze "turning into a strangulation."

Socialist leader calls for change, Page 2

£ in New York

	May 26	Previous
Spot	$2.0605-0615	$2.0735-0755
1 month	1.25-1.32 pm	1.40-1.50 pm
3 months	3.50-3.65 pm	3.75-3.85 pm
12 months	7.70-7.90 pm	8.90-9.10 pm

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exch. 12% 1999-02	£89¼	+ 1
Allied Irish	116	+ 6
BAT Inds.	343	+ 13
Cawoods	210	+ 16
De La Rue	723	+ 23
Eagle Star	238	+ 6
Evans & Owen	95	+ 15
GEC	682	+ 12
Hill Samuel	144	+ 10
Le Vallonet	72½	+ 5½
Lovell (Y. J.)	242	+ 8
Mining Supplies	166	+ 6
Plessey	297	+ 7
Renwick	90	+ 6
Samuelson Film	300	+ 20
Central Pacific Mins.	150	+ 20
Southern Pacific Pet.	62	+ 9
Western Mining	309	+ 7

FALLS

Boots	225	— 6
British Sugar	333	— 5
Dunlop	83	— 4
Spring Grove	108	— 4½
Tate & Lyle	182	— 4
Tunnel B	440	— 8
Ward (T. W.)	117	— 4
Bearcat	405	— 70
BP	380	— 14
LASMO	568	— 27
Shell Transport	380	— 12
Ultramar	440	— 18
De Beers Defd.	395	— 5
Eagle Corp.	56	— 7
Swan Resources	76	— 9

EUROPEAN NEWS

Fears of political plot are rekindled in a suspicious Spain

BY ROBERT GRAHAM IN MADRID

THE DISCOVERY of a tunnel close to the route planned for Sunday's Armed Forces' Day parade in Barcelona, attended by King Juan Carlos, has aroused further fears of a widespread campaign to destabilise Spanish democracy.

The discovery follows the dramatic weekend seizure of a bank in Barcelona and an unsuccessful attempt by the extreme right to bargain with 200 hostages for the release of key figures held as a result of February's abortive coup.

The tunnel, 3 metres long and 1.5 metres wide, led from a ground floor flat towards the principal avenue of Barcelona, diagonal, along which elements of the armed forces will pass on Sunday in Spain's biggest public military parade of the year. The royal stand is also located in the vicinity. It was announced two months ago that the King would attend.

The police discovered the tunnel on Monday night after interrogating the 10 surviving members of the group who seized the Banco Central in Barcelona last Saturday, demanding that the chief plotters of the February coup be flown to Argentina.

Terrorist killed

The flat, from which the tunnel was dug, was rented on April 10 by Sr Jose Maria Cuevas, the sole terrorist killed by police special forces when they stormed the Banco Central on Sunday.

Apart from various weapons and 40 false identity cards, a newspaper dated Sunday was found in the flat. Police refused to make a direct link between the discovery of the tunnel and the military parade, but in Madrid yesterday, speculation was rife that this could be the sole purpose of the tunnel.

There was a general belief that the tunnel was being dug to connect with the numerous underground sewers from where it would be easy to place an explosive device.

If this is the case, then Saturday's bank seizure and those involved have much broader ramifications than initially suspected. On Tuesday, Sr Leopoldo Calvo Sotelo, the Prime Minister, appearing specially before parliament, said that the bank seizure was an action promoted by the extreme right.

However, he said that the government was not yet in a position to identify who had hired the 11 people — mostly with criminal records

His statement went some way to dispel the climate of suspicion and tension that followed in the wake of the confusion and discrepancies surrounding early official attempts to explain the bank seizure.

However, the tunnel discovery has once again kindled these suspicions and tensions — but with the worrying sensation that the government knows little more than the public.

Maximum attention is now focused on Barcelona and the Armed Forces' Day parade. Since 1977 Armed Forces' Day has been celebrated with the aim of proving that the military is part of the national heritage yet also an integral element in Spanish democracy.

The parades are being held in rotation in the different military regions, last year being Valencia. In the aftermath of the February coup, this occasion has taken on an added symbolic significance—designed to show the King as head of the armed forces taking the salute of a democratic and constitutionally-minded military.

However, the determined actions of both the extreme right and left have done their best over the past three months to ensure that the divide between the military and democratic Spain is retained. This is as much the case of the actions of ETA, the militant Basque separatist organisation, as that of extreme right-wing efforts like the bank seizure.

With tension already created by these attempts at destabilisation, the authorities have done little to help. The Government has shown a marked incapacity to come clean—or, just as important, to appear to come clean—with information.

Too often when information is provided, the Government speaks with several voices: the official version from the Ministry of the Interior, another version from the chief government spokesman and a leaked version from within the police and the contrasting views of eye-witnesses.

Security forces

This reflects the various factions within the government apparatus, not least the need to placate the security forces, rightist in sympathy.

The Press and political parties were told of up to 24 people being involved in the seizure and police indicated they thought members of the para-military Guardia Civil were among them.

After their capture, the number dropped to 10 and the Interior Ministry dismissed them as anarchists and gangsters. However, this was a well-planned, clearly highly political action.

It was left to the Prime Minister to clear the air and it is possible to assume that the attackers of the bank wanted to create an impression of a greater number. It was also probably correct to take at face value that the people hired by a mysterious "Jose Luis" in Perpignan to do the job were shadowy figures mostly with criminal pasts not directly linked to the security forces.

Cheysson calls for reforms in EEC

By Terry Dodsworth in Paris

THE NEW French Minister for External Affairs, M Claude Cheysson, yesterday urged strongly several reforms in the European Community, including changes in the common agricultural policy.

The policy was out of date on certain points, he said, and had led to problems which had to be solved. In particular, it was not possible to continue with a single pricing system irrespective of production volumes, or to stock produce which could not be sold.

His remarks were made in a long interview with Le Monde, the leading French newspaper, in which he underlined the socialist administration's commitment to Europe.

He made it clear that France would be taking the initiative on certain issues but promised there would be no attempt to impose a Franco-German position on the rest of the members.

The "privileged relationship" which existed between the two countries, he said, would not be exclusive.

M Cheysson, a former EEC Commissioner, also advocated a more positive approach to industrial issues.

At present, he said, the EEC tended to become involved only when an industry had collapsed. He would like to see more effort to develop a common European approach to the development of industry, along with efforts to treat labour problems at an international level.

France's own commitment to the 35-hour working week clearly had implications at the European level.

M Cheysson, who made a number of warm references to Britain, was also clearly concerned to calm fears among some of France's trading partners that there would be a sudden change of policy.

In a particular reference to the Middle East, where there have been suggestions of difficulties with Arab states because of President Mitterrand's sympathetic remarks on Israel, he said that all existing contracts would be honoured.

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Socialist leader calls for change in Italy

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, the Italian Socialist Party leader who effectively brought down Sig Arnaldo Forlani's government, yesterday called implicitly for a basic change in the country's political system.

Emerging from a meeting with President Sandro Pertini, he said the situation in Italy was so serious that it "required of everyone a drive for change, renewal and solidarity."

This can be seen as a call for someone other than a Christian Democrat to become Prime Minister for the first time since the War. He would be drawn from one of the lay parties of the centre-left, of which the biggest is the Socialist Party.

Yesterday, the President went through the well-established ritual of consulting all political parties on the crisis caused by the Government's fall. It resigned because the Socialists, who formed part of the four-party coalition, refused to attend a meeting to decide how to deal with the scandal caused by the publication of the list of members of the Propaganda 2 Masonic lodge. The scandal has already led to the resignation of Sig Adolfo Sarti, the Christian Democrat Justice Minister.

Today, Sig Pertini is expected to call on a leading politician to attempt to form a government, the 41st since the War. Sig Forlani is likely to be given the first try, particularly since he has been endorsed for the task by the Christian Democrat Party leadership.

However, the Socialist Party's role in the negotiations will be crucial. Though the party won only 9.8 per cent of the votes at the 1979 general election, it has gained popularity since and has an almost unprecedented degree of internal unity

He may believe the time has come for the socialists to insist on a socialist Prime Minister at the expense of the battered and discredited Christian Democrats, who would also be in the coalition. Indeed, he will have to show some gain from bringing down Sig Forlani. He must also extricate the party from its own involvement in the P-2 scandal. Sig Enrico Manca, the socialist Foreign Trade Minister, was on the membership list.

However, the christian democrats, furious at what they see as Sig Craxi's betrayal, are not likely to concede the prime ministership willingly to the socialists.

Sig. Craxi is expected to try to postpone matters until the regional elections on June 21 which could bring significant Socialist gains.

Any government under a non-Christian Democrat Prime Minister drawn from one of the smaller parties would be a very significant change for Italy. The crisis could also be resolved through the appointment of a christian democrat-led government under a different prime minister, possibly Sig Filippo Maria Pandolfi, the relatively uncontroversial Industry Minister.

W. German living costs up 5.6%

By Stewart Fleming in Frankfurt

THE COST of living in West Germany rose 5.6 per cent in May compared with a year ago and showed no improvement over the previous month on a year-on-year basis. The inflation rate, however, rose by 0.4 per cent compared with 0.7 per cent in April.

The continued weakness of the D-Mark against the dollar has been one factor adding to inflationary pressures by making imports, particularly of oil, more expensive.

It slipped to a new low for this year of 2.3560 and, at the official fixing of 2.3440, was at its lowest level for nearly four years. The Bundesbank was active supporting the currency both at the official fixing and through intervention in the foreign exchange and domestic money markets.

The mood in the domestic money markets in Frankfurt remains gloomy in the wake of sharp declines in bond prices which have taken the full range of top quality government bond yields through 11 per cent for the first time since the War.

● Belgium yesterday cut its discount rate by a further 1 per cent to 13 per cent, Larry Klinger writes from Brussels. The rate for ordinary advances was also cut by 1 per cent to 15 per cent, both effective from tomorrow.

DUTCH GENERAL ELECTION

Search begins for a new coalition

BY CHARLES BATCHELOR IN AMSTERDAM

POLITICAL PARTIES in the Netherlands yesterday began preparing for what could be several months of negotiations to form the next government. The ruling Centre-Right coalition lost its narrow majority in Tuesday's general election and a major shift of votes occurred among the left-wing opposition parties. But the overall position of the Left and Centre-Right in Dutch politics was little changed.

Despite this stalemate between the two sides of the political spectrum it is highly likely that a left-wing government will emerge eventually. Most commentators agree that a coalition comprising the Labour Party, the left-of-centre Democrats 66 (named after the party's 1966 founding date) and the Christian Democratic Party would be the most widely acceptable.

A left-of-centre government would almost certainly reject Nato's plan to station 48 Cruise missiles in the Netherlands as part of the modernisation of the alliance's nuclear armoury in Western Europe. If the Dutch break ranks with their Nato partners the entire plan to place 572 Cruise and Pershing 2 missiles in five European countries could be endangered.

Queen Beatrix is expected to meet her senior political advisers today or tomorrow before beginning talks with the leaders of the 10 parties which will be represented in the new parliament. The Queen will then name a mediator, probably the leader of one of the large parties, who will try to form a government.

Mr. den Uyl, the Labour Party leader (left), and Prime Minister, van Agt, take a sombre view of the result.

Despite widespread criticism of politicians for taking a record seven months in 1977 to form the present Government, Tuesday's election suggests another long period of negotiations will be needed. The present Government will stay on as a caretaker until a new majority is formed, but it will be unable to take decisive action on any important domestic or foreign issues.

The outgoing coalition of Mr. Dries van Agt, the Prime Minister, lost three of its 77 parliamentary seats in the 150-member lower house. Mr. van Agt's Christian Democratic Party fell one seat to 48, while the right-of-centre Liberals fell two seats to 26. Despite the loss of its overall majority, the Government coalition came better out of voting than the opinion polls had suggested.

The major shock was the Labour Party's loss of nine seats, taking it to 44. The party of Mr. Joop den Uyl, the former Prime Minister, had been expecting to lose some votes, but the extent of its defeat came as a surprise. Labour's decline makes the Christian Democrats the largest party in Parliament, and this will strengthen Mr. van Agt's hand during coalition negotiations.

Labour lost seats to Democrats 66, which more than doubled its strength to 17 from eight seats. Labour also conceded ground to the small radical left-wing parties. The Pacifist Socialist Party increased its representation to three seats from one, while Communists added one seat, taking them also to three.

Labour's loss of votes to Democrats 66 has been attributed to its failure to present a programme reflecting the austere economic realities in the Netherlands. Labour's forecast of economic growth—of 2.25 per cent a year—was the highest of all the major parties.

Labour's losses to the radical left were more limited, but they reflected a disappointment with Labour's refusal to reject all the six nuclear tasks at present alotted to the Dutch by Nato and its refusal to support a call for the Netherlands to quit the alliance.

Despite Labour's large loss, the sweeping gains achieved by Democrats 66 was generally seen as reflecting a shift to the left. The outgoing Government could achieve a new majority by linking with the small right-wing parties which together have six seats, but this has been rejected by Mr. van Agt.

A key role in the forthcoming coalition talks will be played by Mr. Jan Terlouw's Democrats 66. It has been suggested that Mr. Terlouw might become prime minister if Mr van Agt and Mr. Den Uyl, bitter personal rivals, fail to agree on the top post.

Bonn opposition hits out at budget policy

BY JONATHAN CARR IN BONN

THE West German opposition has redoubled its assault on Government finance and budget policy, believing that on this issue above all it has the Bonn coalition on the run.

The Christian Democrats (CDU) launched their new attack yesterday as budget estimates for 1981 were approved showing a higher federal borrowing requirement than expected even a few months ago.

Dr Gerhard Stoltenberg, the party's deputy leader, charged that state finances were in crisis and that this could have catastrophic consequences both for the country's economic development and for overall domestic policy.

He argued at a news conference that the Government had not done nearly enough to cut its borrowing, that savings had been made often in the wrong places and that revenue estimates were based on clearly over-optimistic economic forecasts.

Dr Stoltenberg, who could be Finance or Economics Minister if the present Government fell, said it was false to blame economically-depressive high interest rates in West Germany only on the high level of rates in the United States. Major additional causes were the Bonn Government's big credit intake and the country's current account deficit.

Government officials rejected Dr. Stoltenberg's remarks as exaggerated, pointing out that all public sector authorities — not just those at federal level — are under severe financial strain in the current economic downturn. But there is growing concern within the Social Democrat — Free Democrat coalition over the failure to curb state spending, and recognition that big structural changes in the 1982 budget may be inevitable.

The issue seems bound to bring more friction between the coalition partners in coming months and is widely felt to contain more potential dangers for the Government than any foreign policy issue. In particular, the Social Democratic Party will resist passionately cuts in the social security system. The Free Democrats see prospects for savings in just this field.

The growing financial problems were underlined by figures approved yesterday by the all-party parliamentary budget affairs committee. These show that the 1981 federal budget will total DM 231.2bn (£48bn), a rise of more than 7 per cent against the 1980 figure, instead of the increase of about 4 per cent projected by the Government at the start of this year.

The Government's net borrowing requirement will total DM 33.9bn instead of the previously estimated DM 27.4bn, thanks mainly to rising expenditure for unemployment, defence and help for Poland.

There is no guarantee that further additions to expenditure will not arise in the course of the year. The Government's best hope is that an economic upturn starting in the second half will increase its revenue and thus cut its credit need.

Tass raises Nazi ghost

BY DAVID SATTER IN MOSCOW

THE SOVIET new agency Tass yesterday heightened Moscow's campaign against rearmament in Western Europe. It said that remarks by Chancellor Helmut Schmidt on West Germany's contribution to Nato evoked sinister memories of Nazi aggression.

Tass, commenting on Herr Schmidt's remarks to Parliament following his recent visit to the United States, dismissed his claim that Washington was serious about arms talks with the Soviet Union.

Despite attempts to camouflage the West German position with talk of arms control, "it boiled down to speeding up Nato's military preparations," Tass said.

The Soviet people "have not forgotten that the fortieth anniversary of fascist Germany's attack on the Soviet Union falls on June 22," the news agency said.

N-issue complicated by mayor's resignation

By Roger Boyes in Bonn

THE RESIGNATION of Herr Hans Ulrich Klose, a social democrat, as Lord Mayor of Hamburg over the controversial Brokdorf atomic plant seems to have clouded rather than simplified the future of West Germany's increasingly fragile nuclear policy.

Brokdorf has become the symbol of West Germany's and the Social Democratic Party's dissension over the role of nuclear power.

Herr Klose tried to persuade HEW, a Hamburg electrical utility to withdraw its 50 per cent stake in Brokdorf because, when the plant comes on stream, Hamburg will become 70 per cent dependent on nuclear-produced electricity.

This is an unacceptably high level for Herr Klose and for the left wing of the regional Social Democratic Party which has voted against continued participation in Brokdorf.

Despite the fact that Hamburg has a 72 per cent stake in HEW, it has proved to be impossible to persuade the company to withdraw from Brokdorf. The utility has enough problems—it has just cut its dividend—without having to shoulder the inevitable compensation costs of such an action.

Herr Klose has had to play off some powerful pro-nuclear Senators in the Hamburg government against the essentially anti-nuclear views of local social democrats, keep an eye on the electorate (state elections are to be held early next year) and resist pressure from the Bonn Government which wants Hamburg to go ahead with Brokdorf.

This balancing act has proved difficult for Herr Klose, but even if he is replaced by a Mayor with fundamentally pro-nuclear opinions, the problems remain. Indeed, they become even more complex.

The Mayor will be forced to choose between defying his regional party association or coping with the herculean struggle of withdrawing from Brokdorf against the combined opposition of Bonn, HEW, the unions and the Christian Democrat controlled state of Schleswig Holstein.

M Edgar Pisani takes his seat in Brussels as new Development Commissioner.

French beat challenge for EEC's development post

BY JOHN WYLES IN BRUSSELS

M EDGARD PISANI, the new French member of the European Commission yesterday fought off a vigorous challenge from Mr. Ivor Richard of Britain, to retain the EEC's development portfolio for France. M Pisani has replaced M Claude Cheysson, now the French Foreign Minister, who has handled the Community's aid and development relations with the Third World since 1973.

Pointing out that French Commissioners have had a hold on the development job for 23 years, Mr Richard argued that no country should have an exclusive right to any Commission portfolio. He is believed to have reminded his 13 colleagues that he had expressed an interest in development when they shared out the Commission jobs in January and when he was allocated the social affairs portfolio.

However, after M Gaston Thorn, the Commission president consulted Commissioners individually, Mr Richard was forced to bow to the majority view that this was a bad time to redistribute portfolios.

The Commission is now deep into its task of preparing proposals for restructuring the EEC budget and reforming the common agricultural policy. This must be passed to member governments in a month's time. It was argued that a major change of responsibilities among Commissioners would disrupt this vital work.

It is understood that the new French Government has been lobbying hard here to ensure that development stayed with a French Commissioner, although much of M Pisani's ministerial career in France has been spent in agriculture. The British Government is thought to have advised Mr Richard to rest content with social affairs, partly, it seems, because London wants to avoid getting off to a bad start with the new regime in Paris.

Sig Lorenzo Natali, currently in charge of EEC enlargement negotiations, displayed some oblique interest in acquiring development for himself. At the end of the meeting the Commission issued a somewhat bizarre statement which was meant partly to reflect the wisdom of Mr Richard's argument that no country should plant its national flag on any portfolio.

The statement reaffirmed the Commission's belief in the principle that jobs should be allocated among Commissioners on the basis of their competence.

Ankara tries in vain to obtain extradition of fugitives

BY METIN MUNIR IN ANKARA

TURKEY IS preparing a formal request for the extradition of the four Left-wingers who hijacked a local flight to Bulgaria last weekend. But the problems it faces in obtaining their return were highlighted yesterday when public prosecutors asked for the death sentence against 35 other members of the same group, Dev-Sol.

Many foreign countries are reluctant to send fugitives from Turkish justice back to a country where they may be hanged. The Italians face this problem with Mehmet Ali Agca, the Right-wing terrorist who tried to kill the Pope on May 13. Italy has abolished the death sentence but in Turkey Agca has been sentenced to death for murdering a newspaper editor.

However, General Kenan Evren, the Turkish head of state, believes in the necessity of retaining the death penalty. "If a man kills 10 people and I cannot execute him, what can I do?" he said recently. Four Turks have been hanged since his regime took office and in numerous trials the prosecutors have asked for around 900 death penalties.

There are several dozen Turkish terrorists in Western Europe who are potentially as dangerous as Agca, officials in Ankara say. Most have fled the country, though they constitute only a fraction of those who have sought political refuge abroad.

The officials believe that the expatriate terrorists, most of whom speak no foreign languages and are impecunious, are being sheltered by terrorist organisations in the West.

The Turkish Press has criticised Western states, particularly West Germany and Italy, for not giving sufficient co-operation to the Turkish police to catch the fugitive terrorists.

Many bona fide political refugees have fled the country since the military takeover, among them Mrs Behice Boran, leader of the Marxist Turkish Workers Party, who has been sentenced to jail in her absence. Others include such well known left-wing Turks as Mr Gultekin Gazioglu, leader of the teachers' association Tobder, Mr Cem Karaca, the pop singer, and Mrs Melike Demirag, the film actress.

There are also a large number of radical left- and right-wing youths who are conducting a vigorous campaign against the military regime.

Most of the expatriate Turks are in West Germany where they can find shelter in the 1.5m-strong community of Turkish workers

One method the Government has devised to deal with unwanted expatriates is to strip

Brandt Commission prepares for summit

BY LESLIE COLITT IN BERLIN

THE North-South Commission, under Herr Willy Brandt, begins a four-day meeting in West Berlin today to discuss the planned summit conference of developing and industrialised countries next October in Mexico. Leaders of some 20 countries are expected to take part in the conference.

Chancellor Helmut Schmidt is to attend the discussions here along with Herr Rudiger von Wechmar, president of the United Nations General Assembly, and other senior UN officials.

The proposal to form a North-South Commission under Herr Brandt was made in 1977 by Mr. Robert McNamara, then president of the World Bank. Last year Herr Brandt presented the Commission's proposals to Dr Kurt Waldheim, UN Secretary-General.

The report entitled "North-South: A Programme for Survival" called for a massive transfer of resources from the industrial countries to the poor countries in the "self-interest" of the former as well as for moral reasons. It said that advanced countries should spend 0.7 per cent of their Gross National Product by 1985 in aid to developing nations.

It recommended decentralising the operations of the World Bank and strengthening regional development banks. The developing countries, it said, should have greater control over multilateral institutions, such as the International Monetary Fund.

Among many other proposals, the report calls for increasing the capitalisation of the international development banks, appropriating Special Drawing Rights for aid, using the IMF's gold reserves and improving access to capital markets for the developing countries.

● Herr Willy Brandt

OVERSEAS NEWS

South Africa celebrations spark more protests

By Quentin Peel in Johannesburg

A LARGE BOMB exploded in the centre of Durban yesterday, destroying the recruiting offices of the South African Defence Force, but leaving no one hurt. In the run-up to the 20th anniversary of the declaration of a republic in South Africa, there were demonstrations against the celebrations on several university campuses. School and university students boycotted their classes and a Pretoria school was damaged by a petrol bomb.

At the same time, there was no sign of a let up in the sporadic labour unrest which has hit the motor industry and other factories outside Durban and Johannesburg. Latest to be affected was the Buffelsfontein *gold mine, owned by the* General Mining-Union Corporation Group, where some 1,600 black mineworkers refused to come off shift.

The bomb in Durban, where the Republic Day festivities climax next Monday with a 12,000-man military display in front of Mr P. W. Botha, the Prime Minister, was immediately blamed on the banned Black African National Congress (ANC).

It followed the bombing of railway lines outside Durban, Johannesburg and Port Elizabeth in the past two weeks and an attack by gunmen on a police station outside East London.

In Johannesburg, police dispersed hundreds of demonstrating students on the campus of the University of the Witwatersrand, where two days ago demonstrators ceremonially burned a South African flag. Flags were also burned on the University of Cape Town campus.

Students have boycotted their lectures at the (African) University of Fort Hare, the (coloured—mixed race) University of the Western Cape and at the (Indian) University of Durban-Westville.

Security police in Port Elizabeth have linked the labour unrest at three motor industry manufacturers there — Ford, General Motors and Firestone—where some 3,000 black workers are on strike, with the anti-Republic Day protest. However, most of the labour unrest, including a strike by 1,900 men at two Leyland (BL) factories outside Cape Town, has been in pursuit of higher wages.

KING HUSSEIN of Jordan (above) completed two days of talks yesterday with Mr. Leonid Brezhnev, the Soviet President, David Satter writes from Moscow. At the talks he publicly endorsed Soviet proposals for an international conference on the Middle East, rejected by the U.S. last week. Diplomats said the visit was certain to be regarded as a success here because King Hussein's public support for the conference provides a psychological boost to Soviet attempts to re-enter Middle East diplomacy. The position of Jordan has increased importance for the Soviet Union because Jordan also rejects the Camp David peace agreement between Egypt and Israel.

Arab Ministers to meet on crisis

BY IHSAN HIJAZI IN BEIRUT

FOREIGN MINISTERS from four Arab countries are expected to meet soon to lay down a framework for resolving the Lebanese crisis which may at the same time avert a military confrontation between Syria and Israel. Diplomats believe that a Saudi Arabian initiative to solve the problem is already under way.

The Ministers from Lebanon, Syria, Saudi Arabia, and Kuwait will meet within an Arab follow-up committee originally formed several years ago to help President Elias Sarkis to end the national strife in Lebanon. A decision to revive the committee was taken at last Saturday's emergency meeting by the Arab League in Tunis.

The meeting may be held here or in the Saudi capital, Riyadh. Press reports suggest it will take place next Sunday.

Kuwait's daily newspaper Al Watan reported yesterday that the meeting was arranged after a telephone conversation between President Sarkis and Crown Prince Fahd, of Saudi Arabia. In Beirut, Mr Sarkis met the Saudi ambassador, Ali Al-Shaer who returned here on Tuesday after an absence of almost two years.

The Saudi initiative is thought to be the news which Mr Philip Habib, the special U.S. envoy, has been waiting for. Mr Habib has spent the last four days in Jerusalem awaiting what was described as an important message from Riyadh.

Talks were held last weekend in the Saudi capital between Col Rifaat Assad, the brother of the Syrian President, King Khaled, Crown Prince Fahd and Prince Abdullah, the second deputy Prime Minister and commander of the national guard.

Saudi Arabia, which has come out publicly on Syria's side in the missile crisis, has made it clear that it wants a comprehensive settlement to the six-year-old Lebanese crisis.

Anthony McDermott adds from Damascus: An important outcome of the Tunis meeting is that no Arab country—however "conservative"—is *prepared to criticise the Soviet* Union or Syria's relations with Moscow while Syria is under threat from Israel.

This means that if President Ronald Reagan is looking for Arab support against the "Soviet menace," the U.S. will initially have to do something about Mr Begin and his erratic demands. In the longer term, the U.S. will have to do something for the *Palestinians* before Israel attempts to attack them in south Lebanon.

Begin under attack after envoy's return

BY DAVID LENNON IN TEL AVIV AND ANTHONY McDERMOTT IN DAMASCUS

MR MENAHEM BEGIN, the Israeli Prime Minister, will have to face a special session of the Knesset next week to explain his handling of the month-old Lebanese missile crisis and especially his commitment to defend the Christians there. His path will not be made any easier by the temporary departure from the region of Mr Philip Habib, the U.S. envoy who has been trying to negotiate a doplimatic solution.

The opposition Labour Party, which called the meeting will hammer away at the premier's vacillating approach to the presence of the Syrian anti-aircraft missiles in Lebanon. At first Mr Begin described the batteries as an immediate threat to Israel and ordered his Air Force to destroy them, an attack cancelled only because of bad weather.

But more recently he has talked about giving the Americans unlimited time to find a peaceful solution to the problem and has even had to acquiesce in a key role for Saudi Arabia in the negotiations after originally denouncing the Saudis and declaring that they could not play any positive role in the mediation effort.

With the General Election *only a month away, Mr Begin* is going to have to present some convincing arguments and explanations of why a missile threat is no longer as pressing as he had first said it was. He is also going to have to explain why he is allowing diplomatic efforts to continue when he himself declared yesterday that so far they have been "fruitless."

On the other hand, if he decides to exercise the military option, he runs the risk of incurring high Israeli casualties, something which will be very unpopular with the voters. It may also antagonise the Americans who have been urging restraint since Israel *shot down two Syrian* helicopters and sparked off the crisis.

The return of Mr. Habib could be a good thing, a senior Syrian official said yesterday.

There is a feeling in Damascus that one of Mr. Habib's achievements has been to buy time.

Syria has been able to reinforce its missile sites. As a result, it is likely that an Israeli attack is likely to be more costly than it would have been some weeks ago. It is emphasised that Syria is ready, in the event of Israel trying to exploit the period while Mr. Habib is in the U.S.

36 parties to contest Israeli poll

By Our Tel Aviv Correspondent

A RECORD 36 parties have registered to contest the June 30 election in Israel. The multiplicity of contestants for Knesset seats reflects the dissatisfaction of the public and many politicians with the main parties. Close to 25 per cent of the voters are still undecided, according to public opinion polls.

There are 13 parties elected to the outgoing Knesset, but by the end of its four-year term splits and defections brought the number to 22. Additional splits in the last couple of days plus the usual sprinkling of crank groups have contributed to the record numbers seeking election.

Though little more than one third of the parties are likely to win enough votes to be seated in the house, the presence of so many small parties may make it difficult to form a coalition, especially if, as is now being forecast, the opposition Labour Party has lost its early vast lead over the ruling Likud bloc.

Latest polls put them neck and neck, with each party expected to win about 43 seats in the 120 member parliament. Going by previous elections, no more than one or two other parties will gain more than ten seats, with the majority winning five or less.

The 'king of Opec beasts' makes no concessions to the pack

BY RICHARD JOHNS IN GENEVA

THE Organisation of Petroleum Exporting Countries has agreed to disagree many times since 1974. Thus there was no crisis or drama when the latest and 60th ministerial conference —which ended in Geneva yesterday—failed to establish a common structure for the seventh time in the 26 months since the disorderly escalation of prices began early in 1979.

Lack of consensus on this occasion might have seemed the most serious in that sequence because Saudi Arabia, the predominant power in Opec, refused to make any concession at all to patch up a cosmetic compromise either by raising its own price or committing itself to a cut in production. Yet the only public note of acrimony came from Mr. Hassan Sadat, leader of the Iranian delegation. On Tuesday evening he castigated the Saudi leadership, saying: "That regime does nothing for its people.

After Tuesday's morning session on the second day of the conference it looked as if Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, would meet the other chief delegates half way by agreeing to narrow the $4 gap in the basic reference set by Gulf producers by raising the Saudi rate for Arabian Light, the 34° gravity crude which has traditionally constituted the "bench-mark" for all other varieties, from $32 to $34 a barrel.

That was the impression given to other delegates. They also seemed optimistic during the long lunch recess that the kingdom might help other members, who have seen their output falling as a result of falling demand and the high Saudi production of 10 to 10.3m barrels a day (b/d) since last autumn. They hoped the kingdom would give some assurance of a reduction to the 9.5m b/d ceiling in force until the outbreak of the Gulf War.

Yet there was no certainty. Other Opec members seemed rather like a pack of hyenas pondering whether the lion, Saudi Arabia, would share a part of the carcass he was devouring. In the event, the king of Opec beasts did not.

When chief delegates resumed their debate at 5 pm on Tuesday the Saudi Oil Minister took a more intransigent line. The kingdom's agreement to move up to $34 depended on other members *holding down prices* until mid-1982 and the North African producers reducing their official selling rates from $40-$41 to $38-$39, according to senior delegates. Neither proposition was acceptable to the majority.

Saudi Arabia has always refused to discuss with other Opec members its own production level. The odds are that as a conciliatory gesture it may reduce its output and possibly, in the next few weeks, raise its prices from $32 to $34.

The ruling hierarchy, however, is still determined to bring about on its own terms unification of the Opec price structure.

In the meantime, 10 of the 13 members have formally agreed to cut their production by a *minimum of 10 per cent.* There have been informal understandings in the past, but the announcement, contained in the communique issued by the conference, is a precedent and one also that participants in the plan consider very important. It remains to be seen what in practice the programme amounts to. Overall production has slumped so low over the past two months that the level from which reductions would be made are highly notional for several member countries. For instance, Nigeria has volunteered to lower its rate from 2.1m b/d to 1.95m b/d although its actual performance is believed to be no more than 1.6m b/d.

Altogether the intention is to remove about 1.25m b/d from the market out of total Opec production of 24-25m b/d. Yesterday, Sheikh Ali Khalifa Al Sabah, Kuwaiti Minister of Oil, insisted the programme would eventually have an impact when seasonal demand picked up.

Nevertheless, its inadequacy in current market conditions, with a surplus of 2m to 3m b/d, is quite clear. From the Opec point of view, he said, the best that can be hoped for is price realignment on the basis of a $36 reference at the end of the year.

West African states meet

THE 16-NATION Economic Community of West African States (Ecowas) began its annual meeting in Freetown, Sierra Leone yesterday, Mark Webster writes. The main issues under discussion are trade liberalisation and the non-respect by some countries of the agreement for free movement of people.

Customs tariffs have been frozen between Ecowas countries for the past two years but there is hope that some progress can be made on the gradual reduction of tariffs.

There is also likely to be some mutual recrimination over which countries are respecting the Ecowas rule which gives a 90-day automatic right of passage for Community citizens.

Reagan to negotiate arms reduction from position of strength

BY DAVID BUCHAN IN WASHINGTON

IN HIS first defence speech for weeks, President Reagan said yesterday he would negotiate with the Soviet Union on arms reduction from a position of strength, and the prospects for achieving peace were enhanced by a strong America.

At the same time, he made clear to the graduating class from the West Point Military Academy his rooted mistrust of arms agreements.

"No nation that placed its faith in parchment or paper and gave up its protective hardware ever lasted long enough to write many pages in history," he said, in apparent reference to his flat opposition to the Salt II (strategic arms limitation) treaty. This was signed by President Carter with President Brezhnev in June, 1979, but never ratified by the U.S. Senate. It is now considered to have finally been killed by Mr. Reagan's election victory.

U.S. allies in Europe, disappointed that Salt II was dead, have been pushing the Reagan Administration to press on with negotiations with Moscow over medium-range nuclear missiles based on both sides of the Iron Curtain.

Chancellor Helmut Schmidt left Washington last week publicly satisfied that Mr. Reagan fully meant to start discussions with the Kremlin on the medium-range nuclear arsenals as soon as possible this year.

"The search for peace must go on," Mr. Reagan affirmed yesterday. But he qualified this by saying "we have a better chance of finding it if we maintain our strength while we are searching."

Mr Reagan's words yesterday gave some credence to the suspicion — which will alarm Europeans — that he basically distrusts any piece of paper Russian leaders might be willing to sign as intrinsically unfair to the U.S. If this is the case, it seems to rule out any new arms control agreements under a Reagan presidency.

Bridge Bloom adds: The joint U.S.-USSR Consultative Commission set up under the 1972 SALT treaty met in Geneva yesterday for the first time since the U.S. election. The commission's function is to monitor adherence of the two sides to SALT, as well as to the Anti Ballistic Missile (ABM) treaty.

While officials would not comment on the meeting's progress, key figures in the Reagan Administration are believed to feel that the Russians have violated SALT's provisions on numerous occasions—a view not shared by the outgoing Carter Comission staff.

Hugh O'Shaughnessy reports on an alliance between S. Africa and America's navies

South Atlantic pact takes shape in Argentina

THE IDEA of a South Atlantic Treaty Organisation has come to birth successfully, if a little furtively, this week in Buenos Aires, despite the fact that its parents are somewhat shy of acknowledging their parenthood.

Called together under the auspices of private institutions in Argentina and the U.S., strategic experts from Washington, South Africa, Argentina, Paraguay, Uruguay and Brazil are meeting in the Argentinian capital to consider the next steps in a plan, long projected, to link the armed forces of the U.S., South Africa and Latin America in an effort to counter a perceived Soviet threat in the South Atlantic.

At one time, Gen Vernon Walters, a former deputy director of the Central Intelligence Agency, a former head of U.S. Southern Command (based in Panama), and a close confidant of Mr. Alexander Haig, the U.S. Secretary of State, was due to go to the Buenos Aires gathering.

For more than a decade, the navies of South Africa and Argentina in particular have been nursing the idea of a form of co-operation which would unite them across the South Atlantic and which would also tempt the Pentagon to participate. When it was originally mooted it received little support in Washington and during the past four years former President Jimmy Carter's unresponsive attitude to any project conceived by the Buenos Aires or Pretoria Governments made the idea a loser.

Gen. Viola: cheered by U.S. friendliness

Mr Ronald Reagan's accession to the White House has radically altered expectations in South Africa and Argentina. Hence this week's meetings. Mr. Reagan's greater concern with Soviet activities than with the human rights issues which occupied the attentions of his predecessor, and the enthusiasm of influential Reagan aides for the South Atlantic idea have given a boost to the project.

The Pretoria Government has taken heart from Washington's attitude to the Namibia (South-West Africa), question to press once again its view that the U.S. should give more thought to the activities of the Soviet fleet in the South Atlantic. The Government of Gen Roberto Viola in Buenos Aires has also been cheered by Washington's greater friendliness and has, despite formal pronouncements that it is in no way committed to the South Atlantic Treaty Organisation idea, allowed the meeting to take place on Argentinian soil. The Uruguayans, who have a tiny navy, and the Paraguayans, who have a small river fleet, have come along to the talks as both countries lie within the military orbit of Buenos Aires.

Brazilian participation, despite the intense interest in the Brazilian media about the gathering, is more of a problem. Whereas Argentina shares with South Africa a belief in the importance of upholding what it perceives to be the interests of the white Christian world, Brazil's national interests are different, or at least more complex.

While many Brazilian admirals would like to be part of any important new strategic grouping, the Foreign Ministry in Brasilia is acutely conscious of the value of Brazilian trade with black Africa, which could be fatally damaged by any military pact with the supporters of apartheid. Brazil, which has to import four-fifths of its oil, sees Nigeria as an important fuel supplier and a big market for those goods and services, including weaponry, which have to be sold if Brazil is ever to earn enough to pay its way

Mr. Botha: close to his armed forces

There is, therefore, a lively debate going on between those Brazilian military men who see strategic and service interests as paramount and those diplomats who look at the bigger picture. An intermediate school of thought suggests, somewhat cynically, that anything which occupies the attentions of the Brazilian military outside Brazil itself cannot but be an advantage to political life within the country.

As battle is joined on the issue within Brazil, the Uruguayans and Paraguayans look on intently. Although they are attentive to the voice of Buenos Aires, the possibility that Brazil could come out unequivocally against the project, and look with disfavour on any participation by them in it, is a disturbing one for the Governments in Montevideo and Asuncion.

In Pretoria, where the links between Mr P. W. Botha, the Prime Minister, and the armed forces are closer than they have been between army and Government for many years, there is apparently no such hesitation. Using the combined arguments of the importance of the Simonstown naval base, which already provides intelligence of Soviet naval movements in the region, and increasing Soviet naval activity in an area through which much of the West's oil passes, Pretoria is pressing for U.S. and South American military co-operation.

But, in the end, the decision about whether Mr Reagan's Government will join an alliance with such controversial regimes as those of Pretoria and Buenos Aires will depend on hard-fought arguments in Washington between those who see greater advantage in a naval pact and those who see such a pact as the death knell of the Reagan Administration's relations with the developing world in general and with black Africa in particular.

New leader for Bolivia in July

By Mary Helen Spooner in Santiago

BOLIVIA's armed forces will appoint a successor to General Luis Garcia Meza on July 17, the first anniversary of the military takeover, which ousted a civilian caretaker Government.

Gen Garcia Meza made the announcement afer a prolonged meeting with military commanders on Tuesday. The previous day, the regime had suppressed the second uprising by rebellious troops in 15 days. At least 14 officers, including Lieut Col Emilio Lanza, who led both uprisings, have taken refuge in the Vatican Embassy in La Paz.

The successor to Gen Garcia Meza will assume office on August 6, Bolivia's independence day, he said.

Gen Garcia Meza said that the 10-month old regime had "taken on the responsibility" of governing the country and had endured "unfounded criticisms and many obstacles placed in its way."

To date, the regime has not been recognised by the U.S., most Western European nations and several neighbouring Latin American states. U.S. officials last year charged that the Garcia Meza government has well established financial links with the country's burgeoning cocaine trade.

Canada may sue uranium companies

By Victor Mackie in Ottawa and Paul Cheeseright in London

The Canadian Government is considering legal action against uranium mining companies said to have taken part in an international cartel between 1972 and 1975.

The Justice Department is now studying the results of a four-year inquiry by Mr Robert Bertrand who, until last week, was the chief combines investigator responsible for investigating apparent breaches of competition policy.

The involvement of the Justice Department is a clear indication that the inquiry has found evidence of broken laws, the combines division said.

The conclusion of the investigation and the reaction of the Canadian Government to it may foreshadow fresh upheavals in the uranium industry, which has been upset by the Westinghouse Electric cartel litigation since the mid-1970s.

In late 1976, Westinghouse charged 29 U.S. and international uranium producers with operating a cartel, conspiring to fix prices and to withhold supplies.

The Canadian companies among the defendants, and presumably the subject of the Bertrand inquiry, were Denison Mines, Gulf Minerals Canada, Noranda Mines and Rio Algom, which is part of the Rio Tinto-Zinc of London group.

The Westinghouse litigation is unlikely to be re-opened if the Canadian Government decides to prefer charges against the companies.

Louisiana gas levy found illegal

By Our Washington Staff

THE Supreme Court has struck down as unconstitutional a tax which Lousiana has imposed since 1978 on natural gas piped to other States.

The seven-to-one ruling by the Justices that Louisiana was discriminating against interstate commerce and in favour of its own local interests is seen as a victory for energy-consuming states, which have feared that energy-producing states will behave like a domestic cartel exploiting their needs.

The tax has brought Louisiana more than $200m (£97m) in revenue a year since 1978, though this has been held in escrow pending the outcome of this suit, filed by eight other states.

Canadian constitution talks next week

The judges of the Canadian Supreme Court have set aside next week to arrive at their opinion on the validity of the constitutional reforms proposed by Mr Pierre Trudeau, the Prime Minister. It could be announced as early as June 16, Victor Mackie reports from Ottawa. It they back the Prime Minister, the proposals would be submitted to the British Parliament for endorsement.

Barbados election call

Mr. Tom Adams, Prime Minister of Barbados, called a general election for June 18 and said he will seek a second five-year term in office, AP reports from Bridgetown. Mr. Adams will be opposed by Mr. Errol Barrow, a former Prime Minister, and leader of the opposition Democratic Labour Party.

Silicon Valley plea for special tax deal

BY IAN HARGREAVES IN NEW YORK

AMERICAN semiconductor manufacturers, long considered the vanguard of U.S. entrepreneurial endeavour and, therefore, uninterested in favours from the Federal Government, are pressing for special tax treatment.

In essence the makers of silicon chips, the raw material of computers, have told the Reagan Administration that its plans to restructure corporate depreciation allowances for U.S. industry will work for the older, heavier and, some would say, dying industries, but that they offer nothing for the growth industries such as microelectronics.

The central complaint of the mainly California-based chip makers is that the Administration's plan to allow industry to depreciate most of its equipment over five years will result in longer rather than shorter depreciation periods for semiconductor companies.

Many of these companies say they depreciate equipment within two years because of the rapid pace of change within the industry. If they are forced to change to a five-year spread, that would result in greater pre-tax profits and therefore greater tax liabilities.

For older industries, such as steel, where depreciation periods can range up to 15 years, the cut to five years is seen as an important stimulus to the ability of companies to retain earnings within the business and so increase re-investment in modern facilities.

Industry leaders say they have also been disappointed at the absence of any special favours in the Administration's tax and industrial policy for the high technology and therefore research-intensive end of U.S. business.

They are seeking an extra 25 per cent tax credit for any increase in research and development expenses above the annual average of the previous three years.

So far, there has been little hint of any response from Washington to the industry's case, although other manufacturers have made it clear that they do not see the semiconductor companies as requiring any special treatment.

The semiconductor companies are under pressure on three points: weakness in domestic demand because of a fitful economy, overcapacity among domestic manufacturers and steadily increasing pressure from Japanese competition.

Some heat has been taken out of the Japanese problem recently with the agreement between the U.S. and Japan for a mutual reduction and equalisation in tariffs on semiconductors, from 10.1 per cent to 42 per cent in the case of Japan and from 5.6 per cent to 4.2 per cent in the case of the U.S.

Overcapacity, however, has continued to erode semiconductor prices, by as much as 60 per cent for some products this year, and the earnings of semiconductor companies such as Texas Instruments and Intel have suffered as a result.

Hong Kong credit from ECGD to mature in 2002

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRITAIN'S Export Credit Guarantee Department has agreed to guarantee an export credit to Hong Kong which matures in 2002, five years after the expiry of the arrangement whereby the Colony's New Territories are held under le[illegible] from China.

The loan in question, which forms the ECGD part of an £875m package to pay for the Castle Peak power station project, is believed to be the first instance of an official credit to Hong Kong running beyond the lease expiry date.

The ECGD declined to comment yesterday, although it is understood that it apparently feels the loan will continue to be serviced whatever happens after 1997.

Its decision came to light as full financial details of the £875m package, first announced in late March, emerged.

It is doubly interesting in so far as Castle Peak itself is located in the New Territories rather than on Hong Kong Island which has been ceded to Britain in perpetuity.

Under the package, ECGD will guarantee loans in an amount of £630m and HK$1.3bn which bear a fixed interest rate of 8½ per cent and have a life of 12 years from the date of commissioning of the four 660 Mw units of the power station.

As the last unit is not expected to be commissioned until 1990, final maturity of the package will be in 2002.

The station is to be built by a British consortium which includes GEC as the main contractor, while its owner is Castle Peak Power, a joint venture of Esso Eastern and China Light and Power.

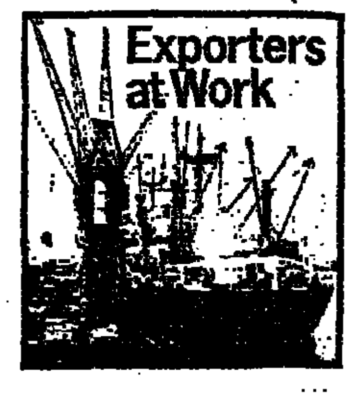
The export credit package has been put together by J. Henry Schroder Wagg and is to be placed by a closed syndicate of about 20 international banks.

A separate financial credit accompanies the package and is being lead managed by Citicorp International and Schroder Wagg.

This $300m credit has a life of 12 years from the date of signature and carries a margin over London interbank rates of ⅜ per cent for the first five years rising to ½ per cent for the next five and ⅝ per cent for the remaining two.

Kevin D'Arcy looks at a small concern which has successfully adapted its expertise

Nuclear export boost for UK



THE RECENT growth in export orders for companies supplying components to the nuclear plant industry has been a boon to many large and small British concerns.

Ashford Controls, the Dorset-based member of the Petrocom Group, is typical of the smaller concerns who have been able to successfully adapt their expertise and goods to the stringent requirements of the nuclear industry.

In less than six months, it has managed to double its exports of bellows sealed valves with a total foreign sales order book now standing at £1.3m.

It recently won a £350,000 order to supply its valves to Canada and a £350,000 deal with Belgium. In recent weeks, its sales staff have won a £300,000 order from Sweden.

But unlike larger orders won by GEC and Northern Engineering, Ashford Controls has gained its deals without any recourse to state support or export credit guarantees.

It has also succeeded in making its mark in a tight market and despite years of uncertainty in which its own corporate future was in doubt, culminating last year when it finished an eight-month stretch without a managing director.

Ashford Controls was founded 25 years ago as a general valve maker, and was based in Middlesex before moving to Poole, Dorset, five years ago when it was taken over by Petrocom.

Its main market for valves was in the oil and chemicals industry, but growth potential in the nuclear field has developed more recently.

But the company found that moving into this field was not so easily accomplished.

Safety standards proved to be the biggest initial barrier, for the standards applicable to valve production for nuclear plants are much more detailed than in the chemicals industry.

Manufacturing valves to withstand excessive heat and pressure were one consideration, but the industry also required the building up of data on every sealed valve supplied so that, in any crisis, its specific history could be recalled.

The safety factor also covered post-assembly testing, itself as expensive as actual manufacturing, Ashford found.

Building up a data bank also took a long time, company officials recalled recently, and took place at a time when Ashford's trade was still overwhelmingly oriented towards the petrochemical sector.

In the 1977-79 period, when revenues edged from £1.25m to £1.6m then £1.65m, the company had to cope with a trebling of its safety costs. As a result, it began to incur trading losses and also found itself faced with the emergence of competition from similar concerns in Germany, the Netherlands and Italy.

These problems began to recede last year with the appointment of Mr Alan McClue as Ashford's Managing Director. Mr McClue was hired away from Pegler Hattersley of the Hattersley Heaton group, Britain's only other bellows valve maker.

The company set about re-equipping itself and rationalising its operation. It ordered £300,000 in new tools, trimmed staff to 112 from 179 and, for the first time, began demanding part payment with new orders. Material in stock was cut in half—up to 10 years' supply of some parts had been stocked, causing Mr McClue to note recently: "Before, we were rather naive."

The company also added another sales representative, which effectively meant it had doubled its sales force, and this gave its two divisions, nuclear and petrochemical, equal representation. It added £40,000 to its budget to support the two sales representatives in their overseas missions.

The Canadian order took a year to land because of the extensive public specifications for the valves, while the Swedish order was won in just four days. Mr. McClue said that Ashford was on hand in Stockholm following an important Swedish Parliamentary vote to resume use of nuclear fuel. "We had no competition."

Ashford knows it is not the cheapest supplier in the business. The main concern is always quality. The Canadians, for instance, insisted on inspecting Ashford's own casting suppliers.

"But quality of supplies will never be good enough," says Mr McClue, "without a bigger domestic market to make the extra investment worthwhile."

Japan strategy under attack

BY GUY DE JONQUIERES

STRONG criticism was levelled at the international trading practices of Japanese companies yesterday by the British Electrical and Allied Manufacturing Association (BEAMA).

Mr Kenneth Edwards, BEAMA's chief executive, said that Japan's entire industrial structure was essentially predatory and defied international regulations which were based on the principle of reciprocal world trade.

He said that the Japanese strategy, which resulted in the demise of major industrial sectors in other countries could no longer be tolerated.

The build-up of market shares in specific product sectors must be closely monitored and in some cases restrained by "containing measures." The Government should not agree to any further trade liberalisation with Japan.

Mr Edwards also called for a code of conduct, backed by regular monitoring, to ensure that Japanese investments in Britain used the most modern technology and that the amount of local content in their products was increased.

He also called for closer monitoring of Japanese competition in third markets and for a concerted effort, involving Governments and industry in other EEC countries, to force Japan to open up its domestic market to imports.

Mr Edwards was speaking on the publication of a report entitled "Japan's Strategy for the 1980s." It was written by Professor Geoffrey Bownas, Professor of Japanese Studies at Sheffield University, and was commissioned by BEAMA.

The report analyses the strengths of Japan's industrial economy and warns that Japanese efforts to penetrate Western markets will increase during the coming decade.

Concern in Canada and Belgium

BY RICHARD C. HANSON IN TOKYO

JAPAN remains opposed to offering Belgium and Canada solutions to the car export issue like the one reached with the U.S. last month to cut shipments. Some "compromise," however, is likely to emerge by next month.

Mr. Naohiro Amaya, Vice Minister for International Trade and Industry, arrived in Belgium yesterday for another "exchange of views" in hopes of resolving the problem before Prime Minister Suzuki's official European tour next month.

In the meantime, a Canadian Government mission is in Tokyo to press its demands. Canada is especially concerned that the U.S.-Japan pact to reduce shipments this year does not result in diverting cars to the Canadian market.

The Japanese Government is much less concerned about finding solutions to the Canadian and Belgian demands than it was about the U.S.

Demands from Europe on the car issue carry less weight simply because the EEC members are split over how to resolve the problem. France, Italy and the UK already have arranged for—or imposed—restrictions on Japanese-made cars.

Mr. Amaya's trip is aimed at narrowing the "gap" between Belgium's demands and what the Japanese industry appears willing to do.

Japanese car makers are strongly against an agreement to "reduce" shipments to that country, but will probably agree to holding the line on shipments.

MITI officials will hold another round of talks with the industry after Mr. Amaya returns from Belgium this weekend.

One possibility is that the Japanese Government will try to resolve the problem by issuing a forecast for shipments this year.

It appears unlikely, however, that Japan will agree to any specific numbers as part of an agreement. Japan has already indicated that exports would not exceed last year's total.

Canada is expected to ask for an agreement similar to any reached with the Europeans.

Unctad 'flags' conference hit by discord

By Brij Khindaria in Geneva

SERIOUS DISSENSION has emerged at a Geneva meeting aimed at reaching agreement on the feasibility of tightly regulating or banning the use of flags of convenience (FOC) by merchant ships.

Mr Adib Al-Jadir, chief of the shipping division at the UN Conference on Trade and Development (UNCTAD) told the organisation's shipping committee that failure to agree on an international policy for FOC fleets would open the road to unpredictable action by individual countries "to protect their interests."

FOC ships threatened the orderly development of world fleets because the absence of an economic link to the country of registration encourages "irresponsible owners and managers, who increase their profits by conducting sub-standard operations," he claimed.

This view was sharply contested by the Liberian Shipowners Council, which includes nearly half the tonnage using the Liberian flag. Liberia is one of the main countries acting as host for FOC fleets.

An official said the allegation was unfounded. A separate study done by the council showed that fleets in developing countries have grown at a much faster rate than those of other countries in recent years.

Bidding opens soon for S. Korea N-plants

BY ANN CHARTERS IN SEOUL

SOUTH KOREA'S nuclear programme will take another step forward as bidding for the 11th and 12th nuclear power plants is opened as early as next month, according to Mr. Lee Bong Suk, Energy Resources Assistant Minister for Planning.

Until the last contract for two nuclear power plants was awarded last autumn to Framatome, the French company, South Korea has relied principally on the U.S. for its nuclear technology. Westinghouse has supplied six pressurised water reactors for the programme.

Former U.S. President Carter's policies towards Korea with their human rights focus and early plans for withdrawing troops stationed in the country raised questions as to what other previous commitments the Administration might reconsider.

Although the Korean Government was assured at the time that uranium and nuclear equipment would still be transferred, according to Assistant Minister Lee, the Government decided to establish nuclear ties with the French.

The more liberal attitude of the French Government towards transfer of nuclear technology was definitely one of the reasons the contract went to Framatome in the last round.

The exact details of the technology to be transferred remain to be worked out by scientists, but "the degree to which the differences are substantial will have a significant bearing on what company supplies the reactors for Korea's next three nuclear plants," Assistant Minister Lee indicated.

The 13th nuclear plant may also come up for bidding late this year. Korea's investment in nuclear plants is running at $1.4bn a unit.

Korea, which is dependent on imported crude oil for 62 per cent of its energy consumption, has mounted an intense effort to switch to nuclear and bituminous coal energy.

By 1986, oil dependency should be down to 48 per cent, while nuclear energy will supply 11 per cent of demand when a total of five plants are in operation.

Russia seeks UK co-operation on oilfields

BY PAUL CHEESERIGHT

THE USSR renewed its bid to gain the co-operation of British companies in the development of offshore oilfields at the first session in London yesterday of the British-Soviet Joint Commission.

The Soviet move reflects the prime importance of energy development in the new Five-Year Plan and the underlying strategy of using energy exports to raise revenue to pay for other imports from the West.

After the first session, at a Confederation of British Industry luncheon, Mr Vladimir Sushkov, the Soviet deputy Foreign Trade Minister, raised specifically the question of co-operation in the 90,000 sq km of the Barents Sea which are free from ice the whole year round and which have the same climatic conditions as the North Sea.

"It would be strange to involve companies from southern countries in working offshore in northern seas. UK expertise would be most welcome in working here," he said.

The UK and the USSR have in fact agreed to set up a working group to elaborate the possibilities of energy co-operation.

Mr. Sushkov also told the industrialists of the massive scale of the planned Soviet coal, gas and methanol developments, implicitly holding out the possibility of major British project contracts in this field.

But, he added, a great number of small, specialised companies would also be able to participate.

The USSR is planning to invite leading UK industrialists to Moscow for a conference on co-operation in implementing the Five-Year Plan.

Mark Meredith writes from Edinburgh: John Brown Engineering of Clydebank has signed a £5m contract to supply a gas turbine and spare parts to the USSR.

The turbine, with 45 others previously supplied by the company, will be used on the Orenburg natural gas pipeline network which links Siberia to Eastern Europe. Past John Brown turbine deals with the USSR have been worth more than £30m.

Cable Belt wins £4.8m contract

BY OUR WORLD TRADE STAFF

CABLE BELT, a member of the Laird Group, has won a £4.8m contract, through its Australian subsidiary, for a curved overland conveyor in New South Wales.

The buyer is Coal and Allied Operations, which will use the system to transport coal from its Hunter Valley mine to a railway loading point 7.8 km away at Liddell Colliery.

Although the Australian subsidiary will do much of the installation work and manufacture some of the parts, Cable Belt at Camberley will be responsible for design and supply of the major parts.

This contract follows Cable Belt's success in winning a £32m order for a 51 km conveyor system, now under construction, as part of a Western Australian alumina project.

● Loewy Robertson Engineering, the Poole unit of the Davy Corporation, is to instal a new foil mill for Anaconda Aluminium in the U.S. under the terms of a £3.3m order. The mill is part of an expansion programme by Anaconda at Russellville, Kentucky.

● SGB Export of Mitcham has won a £1.2m order from Continental Construction of India to supply trench-lining systems for water and sewer schemes in Baghdad, for which Continental is a main contractor.

● Herbert Parkes and Nephew, the Stockport member of the McArthur Group, has won its biggest single order, worth £1.2m, to supply agricultural storage sheds to Sudan as part of a development programme funded by the World Bank.

● Wallop Industries of Stockbridge is to equip an unspecified South American navy with an anti-missile decoy system costing £1m.

Japanese ship orders show sharp rise

By Our Shipping Correspondent

THE VOLUME of export orders won by Japanese shipyards has increased sharply in the last few months coinciding with a weakening of the yen/dollar exchange rate.

In April Japanese shipyards won orders for 40 vessels totalling 830,789 grt.

This is the highest level of orders since April of 1980 and confirms that the pace of foreign ordering over the last three months has increased markedly compared with the final quarter of last year.

During the final months of 1980 Japanese Shipbuilders, sensitive to criticism from European shipbuilders that they were winning the bulk of world shipbuilding orders, indicated that they felt that their export orders would be running at a level of around 400,000 grt in the opening months of 1981.

However, over the last three months, Japanese shipyards have won export orders averaging 650,000 grt a month—a two-thirds increase on the level estimated

The majority of the orders in April were for bulk carriers (736,990 grt) and the statistics were inflated by orders for 12 ships totalling 320,900 grt from Singapore.

U.S. ready for anti-dumping move

BY DAVID BUCHAN IN WASHINGTON

COMMERCE DEPARTMENT officials said yesterday they were virtually ready to start formal anti-dumping investigations against certain steel-producing countries, but had not yet been given the political green light to do so by top Administration officers.

There was concern that imports of a number of steel categories, including plate, structural steel and wire nails, were being sold in the U.S. at below "trigger" prices. This system, reintroduced last autumn, sets a sort of floor price, and sales below it can alert the U.S. Government to possible dumping and can trigger a formal investigation.

A variety of Eastern Bloc and advanced developing countries, such as Poland, Romania, South Korea and Brazil have been mentioned as targets of imminent dumping probes. But one official yesterday merely described these countries as "possibles" for such examination.

The trigger price system is supposed to accelerate dumping investigations, but it is still a lengthy process.

First, the U.S. Government needs to determine whether sales below trigger prices are truly dumping in terms of domestic price and cost of production or merely the result of efficiency.

Then, the U.S. must determine whether, even if dumping has occurred, the domestic industry in the U.S. has been materially damaged by it.

Building societies' saving schemes may start interest battle

BY ANDREW TAYLOR

BUILDING SOCIETIES may start a disorderly interest rates battle if they break ranks by offering higher rates of interest on ordinary share type savings schemes.

Mr Leonard Williams, chairman of the building societies association, warned of this yesterday at the association's annual conference in Eastbourne.

His warning follows the introduction of a new savings scheme by Cheltenham and Gloucester Building Society offering investors an interest rate one percentage point higher than they would get under the building societies recommended ordinary share rate.

The move has angered a number of leading building societies, which while offering competing higher rates of interest on long term share investments have not so far sought to step outside the recommended ordinary share rate.

Mr Williams told the conference yesterday: "One feature in recent months is that there has been a tendency for successive new schemes to become less and less distinguishable in any material way from the ordinary fully paid share account."

He said this was a matter of serious concern as money would flow quickly from one society to another if interest rates differed: "It follows therefore that in an area as especially economically and politically sensitive as the market in which we operate, every major society has a duty to act responsibly so as to avoid a disorderly interest rates battle which would almost certainly result in rates, not only in societies, but throughout the economy, being higher than they would otherwise be."

Mr. Williams, who is chief general manager of the Nationwide Building Society and retiring chairman of the association, said he believed there was a continuing role for the building societies interest rate fixing cartel in establishing a recommended ordinary share interest rate.

Mr. Williams said: "I personally welcome the competition that is taking place between building societies through the various schemes they have on the margin but it is my firm belief that it is in the best interests of all for building societies to stick together on the rate of increase they pay on their ordinary savings accounts, the balances of which represent more than 80 per cent of building society capital. Orderly progress is preferable to the dangers of unbridled competition."

Sir Oliver Chesterton, chairman of the Woolwich Equitable Building Society, told the conference he believed some societies were seeking to disregard the recommendations of the cartel. Sir Oliver said these societies ought to know better.

He said that if the cartel disintegrated in this fashion it could jeopardise societies' arrangements to cover losses of investors in societies which got themselves into a mess because of their own greed.

● Mr Alan Cumming chief general manager of the Woolwich Equitable Building Society has been elected to succeed Mr. Leonard Williams as chairman of the association.

Savings competition 'may cause mortgage famine'

FINANCIAL TIMES REPORTER

INCREASING competition from government for personal savings could create a mortgage famine, Mr Leonard Williams told the Building Societies Association annual conference in Eastbourne yesterday. However, building society lending is not immediately in jeopardy.

"There seems every possibility that despite the very active competition they are experiencing from national savings, building societies will be able to maintain their current lending levels for a few months longer by drawing on the liquid resources they have prudently accumulated in the past; but this is clearly not a policy which can be continued indefinitely," said Mr Williams.

"Government will soon be faced with the choice of whether it should continue to exploit the personal savings market and thereby create what might amount to a mortgage famine, or whether it should relax its fund-raising endeavours as far as the personal sector is concerned and use other means.

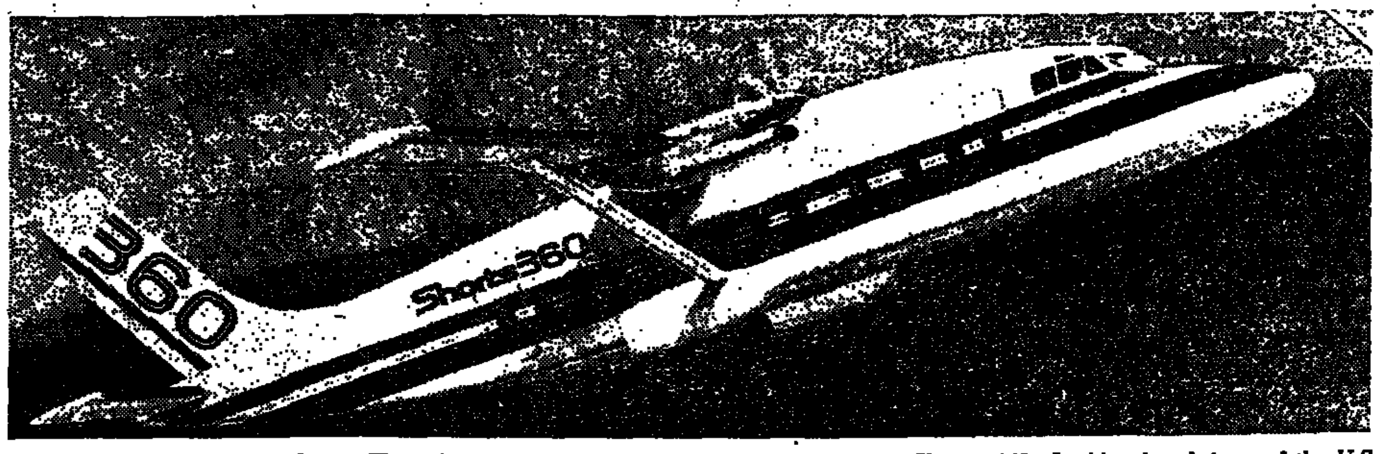
"The issue now is how far are considerations of national debt funding policy to weigh against the needs of home buyers and the housing market?"

Mr Sydney Burton, a director of the Gateway Building Society, told the conference that the Government could face a major housing crisis during the next few years if its decision to take an increasing share of personal savings would lead to societies and other institutions having less money to lend to home buyers.

"I am sure that national savings will compete more strongly in the future than in the past. We shall have to adapt to that competition. But I would hope that it would be limited to a degree which would not impact too severely on the longer-term prospects for other institutions, particularly building societies, because if it was allowed to do so I believe it would be contrary to the long-term national interest," he said.

Shorts' success story lightens the gloom of Ulster

Michael Donne looks at the company behind the Series 360 airliner



AT A TIME when most news from Northern Ireland is gloomy, it is refreshing to hear a success story from the province's biggest single employer, Short Brothers, the Government owned aircraft and missile manufacturer.

The company is on the verge of flying its Series 360 36-seat, twin-engined "commuter airliner" for the first time—six months ahead of the original schedule.

This airliner is intended for the rapidly expanding short-range market for small, light transport aircraft that has emerged in the U.S. in particular in recent years. But it is also likely to find a market in developing countries where a rugged aircraft, cheap to buy and fly, has been needed for years.

The early maiden flight is an indication of the company's determination to get into this market well ahead of its competitors.

Determination is a characteristic of Shorts. It has gained no less than 12 Queen's Awards for Industry in recent years—two for technological and 10 for export achievement.

This is a remarkable performance, particularly for such a small company—only 7,100 employees. The Technology awards were gained for missile development work, but the awards for export achievements have been shared by all parts of the company.

The company's overseas sales rose from £15m in 1971 to £65m last year, representing more than 70 per cent of turnover and totalling some £275m over the 10-year period.

This success is reflected in steadily rising manpower figures. At a time when most of Northern Ireland's major industries have been in decline, Shorts stands alone in having steadily increased its workforce over an eight year period, from 5,200 in 1973 to the present 7,100. And by taking in 100 apprentices each year the company has made a considerable contribution to technical training in the province.

The new airliner is intended to spearhead Shorts' sales drive through the 1980s.

This 36-seater follows the 30-seat Series 330, which stays in production as an alternative wide-body design. This plane has already been bought by 10 top U.S. commuter airlines. To date 90 aircraft have been sold.

Four airlines have already signed orders for 11 Series 360 aircraft, and others are now negotiating. Despite strengthening competition from the prospective Brasilia from Emraer of Brazil, the Dash Seven from de Havilland Aircraft of Canada, and the Saab-Fairchild 340, Shorts believes that through the 1980s, it will sell between 275 and 350 aircraft out of an estimated world market of up to 1,200.

Meanwhile, Shorts continues to build its smaller Skyvan.

Total sales of the Skyvan 140 aircraft and Series 330 now stand at 230, worth about £140m. With Series 360 in the family, these figures are expected to double before the end of this decade.

This will pose a formidable production target for Shorts, but one it feels confident it can achieve. Just over one-third of the labour force is employed directly on aircraft production.

The other two-thirds are employed on the two other main areas of the company's activities—aerostructures and guided weapons.

Building parts for other manufacturers has assumed increasing importance for Shorts. Work is now undertaken for Boeing, Lockheed and Avco of the U.S., Rolls-Royce and British Aerospace, and Fokker of Holland.

These are all multi-million pound contracts, for which Shorts had to bid against fierce odds. Most also involve a substantial design contribution.

Sir Philip Foreman, managing director, says: "It was particularly difficult in the early days. We knew we could equal or better the required quality standards and could meet time schedules, but we had to convince our customers both of this and our ability to deliver on time.

"Now we can prove our capabilities by pointing to our success record," and to that extent it is easier. But we still have to get out and sell our expertise in a highly competitive market and, of course, we are very happy to do this."

Shorts' third main activity is the design and production of close-range guided weapons systems. The company has been highly successful in world markets since introducing the Seacat ship-to-air missile in 1962 — which is still selling world-wide after nearly 20 years, along with its land-based version, Tigercat.

The division's hopes, however, are centred on the Blowpipe a close-range anti-aircraft missile, a shoulder-launched weapon which is unique. It is now in service with the British Army and the Royal Marines. Six overseas countries have also bought it.

Blowpipe orders now exceed £200m and further orders will be announced soon.

Despite a loss last year of about £8m, the current order book stands at more than £200m—and is rising.

Sir Philip Foreman says that is perhaps the best overall barometer of the company's success. Turnover is increasing, with only a marginal rise in the labour force.

"It is a trend," he says, "which must continue if we are to be competitive . . . We have won a substantial stake in the future. It is up to all of us, working as a close-knit team, to make the most of our opportunities."

ITV companies fear early advent of Channel Four

BY ARTHUR SANDLES

INCREASINGLY bleak profit predictions over the next two years are forcing some regional ITV companies to consider urging the Independent Broadcasting Authority to delay the start of Channel Four planned for 1982.

The undercurrent of concern is given additional weight by a survey by the advertising agency Young and Rubicam. This talks of ITV being "severely strained" by the fourth channel and adds that "the network stands little chance of showing any real profit for some considerable period to come."

More ominously, the agency says openly what is being said privately by some of the smaller ITV companies: "If Channel Four proves to be too great a drain on the income and resources of the ITV companies there is a real danger that it will either, at best, deliver a poor service to the viewers or, at worst, be closed down."

Although the fourth channel has recruited its top management and is already commissioning programmes, its 1982 start is still subject to Government approval.

In recent weeks back-bench Tory MPs have been pointing out that it will be financed largely by the Exchequer since the money paid to it by the ITV companies would otherwise have gone in tax and television levy.

Mr. John Watson, MP for Skipton, estimated the total loss to Government could be at least £74m and perhaps £100m.

Over the past few days the companies themselves have been unwilling to talk openly about their concerns. Many are still tidying up final details of their new contracts and have no wish to upset the Independent Broadcasting Authority by public statements about profitability at this stage.

One, however, spoke of an estimated total loss by the smaller contractors of £30m.

"Something has got to go. Standards must fall, breakfast television must be put off, the fourth channel must be delayed or even cancelled altogether. It is that serious."

Others were not quite as gloomy. "There is no doubt that the next couple of years are going to be bad," said one managing director. "We have all been preparing our figures. I am not saying there is a campaign to stop the fourth channel but I personally would not be upset if it were delayed for a while."

There is no doubt that ITV is seriously concerned about the pressures on its margins. Costs are increasing while the outlook for consumer advertising is bleak. In bad times advertising tends to retreat to the major urban areas—those covered by the big five, Thames, London Weekend, Granada, ATV, Southern and Yorkshire.

The trend has already alarmed the Independent Broadcasting Authority sufficiently for it to warn the Home Office that there should be no start on satellite television transmission until the 1990s.

If the prospects for commercial television are as bad as suggested, the Government faces a substantial loss of revenue from its television levy which is based on profitability.

Recently about 11 per cent of total advertising revenue has been going on the levy and, given consistent trading conditions, the Treasury could have expected a little more than £55m this year and nearly £70m in 1982.

With allowable levy free profits of two per cent of total revenue, and the companies having to pay substantial Channel Four subscriptions, it could be that within 18 months only a minority of companies will be paying any levy at all.

On a more optimistic note, commercial television advertising revenue is proving a little more buoyant than had been predicted, although lack of forward bookings is causing concern.

"While the contractors will have been pleased to witness even limited growth in ITV revenue across the first half of 1981 as opposed to the widely predicted decline, there is still no indication that a real long term recovery from the current recession is actually imminent," says Young and Rubicam.

Fourth channel subscriptions are likely to prove a lively debating point even if the channel goes ahead. Published figures for costs are based on 1980 figures and the companies are seriously concerned about the implications of indexation. First figures for subscriptions ranged from £150,000 a year from Border to £11.1m from Thames.

The smaller companies are also concerned at the ability of the BBC to do well in the ratings. In April ITV's share of the audience dropped to 47 per cent.

Franchising grows fast as a result of recession

THE FRANCHISING system of running a company is growing rapidly, largely as a result of the UK economic recession. Franchising offers a ready-made opportunity for self-employment but reduces many of the hazards of going it alone.

It is also becoming increasingly attractive to many redundant workers who are able to use large redundancy payments to buy a franchise and start up in business.

Mr. Edwin Thirlwell, the immediate past chairman of the British Franchise Association, says that "redundant executives tend to be disillusioned with alternative forms of employment, and welcome an opportunity of working for themselves."

The association yesterday announced that seven new members had joined it, bringing the total to 44. New members include Unipart, the BL Cars spares subsidiary, and the first franchise operation run by a woman to be accepted as a member. This is Colour Counsellors, run by Virginia Stourton, which offers a comprehensive advice system for home decor and design.

Other new members include Thorntons chocolates, GKN-SPA, which supplies car spares, and a fast-food chain called Spud U Like.

Franchising is an attractive method of business expansion for a fast-growing company lacking the resources to expand itself. Most of the capital cost, for example, is put up by the franchisee himself, who may also be motivated to work harder than as a company employee.

Companies which usually find such middle management difficult to recruit, may attract to its ranks the kind of entrepreneurs who can make a business work because they have the motivation and local knowledge to ensure success.

However, while many franchisees are glad of the guidance of the franchisor in the initial stages of the venture, the degree of control from such franchisors can

David Churchill reports on how redundancy has encouraged many people to reject employment for semi-independence.

irritate. After all, many franchisees started out on business in their own to escape working for someone else.

But the franchisor is forced to retain a certain degree of control to protect the interest of all franchisees.

The typical franchisee is male, aged 39, and has had some previous business experience. He is also married with two children and is likely to have his wife working in the business.

Some 31 per cent of prospective franchisees, according to an association survey, obtained their start-up cash from personal savings or redundancy payments. A further 24 per cent obtained a bank loan, and 7 per cent a finance company loan.

The number of woman franchisees is also expected to grow. One new franchise—by a woman is for an introduction bureau: Prestige Partners, offers opportunities for business and professional people to meet others with like interests.

Uncertainty on timing of interest rate cut

BY DAVID MARSH

A BIG rise in UK residents' foreign currency deposits is adding to uncertainties about when UK interest rates can be reduced, according to a report by Barclays Bank.

In its latest UK financial survey, Barclays says that British residents' foreign currency deposits in UK banks have increased by 40 per cent during the past year, with most of the rise coming in the past six months.

These deposits are not included in the Government's main money supply indicator, sterling M3, but they can no longer be ignored, the bank says.

The likelihood that recent sterling M3 figures understate the true liquidity position of the private sector is just one of the uncertainties which are likely to delay future reductions in interest rates, it says.

Among the other uncertainties, Barclays is worried that growth of sterling M3 recently has decelerated only to the upper end of the official 6 to 10 per cent target range. Barclays' figures make allowance for the effects of the civil servants' strike, which has distorted latest sterling M3 data.

The slow-down—compared with underlying monetary growth of 13 per cent or more during the last year—has been relatively modest in spite of a seasonal fall in government borrowing and favourable funding conditions.

The deceleration has not been more marked because the easing of bank loan demand during the winter has not been maintained, Barclays says.

However, recent acceleration may prove only temporary, the bank believes, which would allow money supply this year to be contained in the official target range.

A key reason for this is that, following the post-Budget drop in consumers' expenditure, companies may continue to run down stocks and thus reduce their demand for bank finance later this year.

● John Makinson writes: Williams and Glyn's Bank is offering students a more attractive range of services as part of its drive to capture a larger share of the UK retail banking market.

Students will be able to overdraw by up to £100, provided a prior arrangement has been made, and still pay no bank charges. They may also be able to borrow up to £500 as they near completion of their studies, to carry them over until they begin earning a regular income.

New students will be offered a £5 book voucher and a cheque card will be given to all those opening a current account with a Local Education Authority grant.

Heckling shakes RTZ annual meeting

Financial Times Reporter

ENVIRONMENTALIST groups disrupted Rio Tinto-Zinc's annual general meeting in London yesterday with a barrage of questions attacking much of the international mining group's activities.

Though Sir Anthony Tuke, the incoming chairman handled the meeting with patience, the protests broke into loud heckling and harassment, and the meeting ended in some disorder.

Initially attacks from the floor were aimed at RTZ's proposed involvement in development of a copper mine in the Cerro Colorado district of Panama.

The project, a joint venture with the Panamanian mining development corporation, Codemin, has an initial capital cost of more than £1bn.

The mine can produce as much as 280,000 tonnes of copper a year once fully on stream.

Sir Anthony assured the meeting of a full and independent impact study of the development before final decisions were made.

In particular, he said, recognition of the land rights of the Guaymi Indians, who inhabit the area, would be a desirable result of such a study.

The protests then shifted to the group's involvement with the Rossing uranium mine in Namibia (South-West Africa), in which RTZ has a 46 per cent interest. Organised protesters questioned RTZ's recognition of the authorities in the territory. About 200 people were at the meeting.

Health hazards at RTZ's uranium mines at Rossing and at Elliot Lake, Ontario, were the next target of the environmentalists' objections.

At one point the well-directed line of questioning broke down, and protesters began to interrupt other speakers and walk out of the hall.

Toward the close a shareholder asked whether a further rights issue was possible this year. The last was of £135m of convertible unsecured loan stock in September last year.

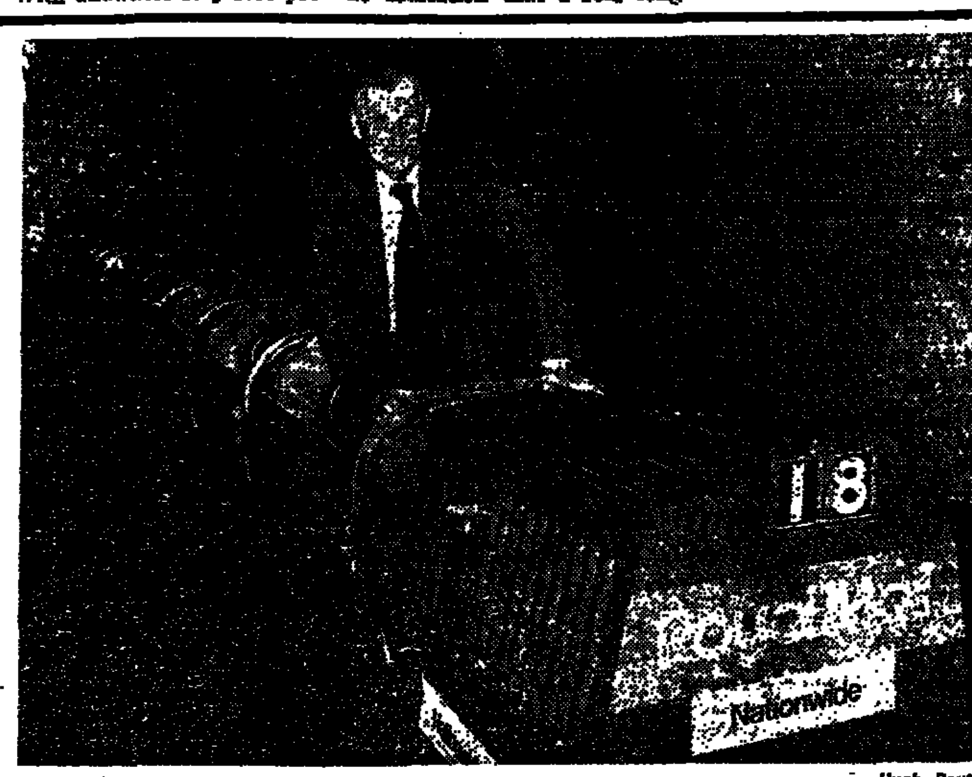
Authorised share capital was raised at the meeting from £90m to £100m. Sir Richard said there was no intention of going to the market for further funds at this stage.

Mining News, Page 25;
Men and Matters, Page 22.

"The largest train set in London" was how one Post Office official described the Royal Mail's underground railway, which yesterday celebrated the arrival of the first of a new fleet of trains.

Since 1927, when the railway was opened to move mail away from the crowded streets of London, the same mini-trains have been used on the six-and-a-half mile journey between Paddington station and Liverpool Street station.

This year, however, the Royal Mail has spent more than £1m on new rolling stock for the 34 trains. The railway, the only one in the world of its kind, carries about six million letters a day. Every train has four "carriages," each loaded with mail,



Hugh Routledge

Scotland Yard may back call to reinstate Riot Act

BY LISA WOOD

SCOTLAND YARD may back calls for the reintroduction of the Riot Act if Lord Scarman considers it during his inquiry into the Brixton riots according to Sir David McNee, the Metropolitan Police Commissioner.

Sir David suggested this during the Peter Le Neve Foster lecture, which he gave yesterday, at the Royal College of Arts in London. He said that when the anonymity of the crowd ceased to protect the behaviour of the individual, more people might be encouraged to stay away from violent situations.

He said that in the aftermath of the disturbances in Brixton the possibility of resurrecting the Riot Act, repealed in 1967 after being unused since 1919, was raised. "This may be a matter considered by Lord Scarman. We will give every help to that inquiry," said Sir David.

The commissioner said the key issue appeared to be the collective responsibility of those present when the potential for violence was known or could reasonably be anticipated. He said that whatever the merits of a reconstituted Riot Act the preventative powers under the Public Order Act were also subject to debate.

A spokesman for Scotland Yard said later that in speaking of the Riot Act the Commissioner was not trying to pre-empt any recommendations made by Lord Scarman. He said: "If Lord Scarman should decide that a reformed version of the Riot Act should be re-introduced Scotland Yard would be in agreement with those findings."

The Riot Act of 1714 applied to 12 or more people "unlawfully riotously or tumultuously assembled together in the disturbance of the public peace." If after being required to disperse by a proclamation read by a magistrate they refused to do so an hour later, they were liable to arrest as felons.

Free tube travel for London pensioners

BY GARETH GRIFFITHS

THE Greater London Council is to introduce free travel on the London Underground for the capital's old age pensioners at a cost of £2.3m a year and plans to extend the scheme to British Rail's suburban services.

Around 1m pensioners will be covered by the scheme, which comes into effect in the week starting June 14. The GLC said yesterday the cost for the rest of the financial year would be £1.3m.

The GLC already operates free bus travel for penioners in off-peak periods and this year expects to spend £33m in lieu of lost revenue to the London Transport Executive.

The scheme has boosted the number of pensioners using buses and last year they made 250m journeys using their passes.

It is intended to shift some of this passenger traffic away from the buses to the underground trains, many of which are under-utilised during the day. Free underground travel was also included in the Labour manifesto before the recent GLC elections. The scheme will operate all day except for the morning rush hour.

Talks between British Rail and the council are to start in June over proposals to extend the scheme to suburban services. The GLC expects to introduce these before the end of the year. It has also asked BR to halt rail cuts planned for June 1.

Fares on the underground and the buses will be cut by an average 25 per cent in the autumn, and London Transport believes that this could lead to an increase in passenger traffic of a total of 10 per cent over the next four years. The percentage of revenue funded by grants would rise from 24 per cent to 43 per cent.

The extra grant from the GLC to London Transport in a full year will be £150m, to be raised by an extra 45p a week on the average domestic rate bill.

London is the only British city to introduce free fares for its old age pensioners. South Yorkshire County Council recently extended its concessionary fares scheme to blind and disabled people at a cost of £519,000 a year.

● The GLC is to consider ways of opposing the transfer of its remaining housing stock to the London boroughs.

Mrs. Gladys Dimson, chairman of the GLC housing committee, said they would consider ways and means of opposing the transfer of 53,401 GLC homes to eight London boroughs next April.

BL introduces gas-driven van and Range Rover

BY JOHN GRIFFITHS

VERSIONS OF BL's Range Rover and Sherpa light commercial van, adapted to run on liquefied petroleum gas (LPG), are available in the UK from today.

Ford introduced as an option on May 21, a cylinder head specifically designed for LPG for its 2-litre Transit van range.

The BL vehicles are the result of a joint project with Landi Hartog (UK). The latter began life as Yorkshire Autogas in 1971, when efforts to promote LPG as an alternative fuel for petrol engines were first made.

Since 1976, a majority interest has been held by Landi Den Hartog of Holland which has been a leader in developing LPG fuel systems. Ten per cent of the Dutch vehicle population —equivalent to 600,000 cars and vans—is powered by LPG.

So far, only 30,000 vehicles in the UK have been converted to LPG. Such systems are complementary to the normal petrol system, with the driver being able to switch at will to either fuel.

However, Landi Hartog and the UK's principal LPG supplier, Calor Gas, say they believe there exists the potential for 10 per cent of the UK car and light commercial vehicle population of 15m to run partly or wholly on LPG by 1990.

Part of the optimism is based on relative fuel costs. While LPG fuel economy is about 15 per cent worse than petrol, its effective price to VAT-registered companies is 92p per gallon, against about £1.27 per gallon for petrol.

On that basis, company users should be able to reclaim the average £350 conversion cost within about a year.

There is less optimism for the private car market where full retail prices would be paid. Calor and Land Hartog concede that the private motorist would have to travel about 60,000 miles before conversion costs would be recovered.

The other ground for optimism is the increasing availability of LPG. Traditionally, it has been secured from the oil refining process. But as the price of conventional petrol has risen, it has become economical to tap and store LPG which in the past has been flared off.

As a result, according to Mr Richard Berry, Calor's UK sales and marketing director, availability is expected to rise from the current 1.5m tons a year to 5m tons by the mid-1980s.

In the past five years, Calor has invested £100m in plant and equipment to develop the industry. It has just received planning permission for underground storage of 100,000 tons of LPG on Humberside. It has a 30,000 tons storage facility at Felixstowe.

Other advantages of LPG are well known. Pollutants such as nitric oxide and carbon monoxide are cut by a half. There is no emission of lead, which the Government plans to eliminate from petrol.

Against these must be set the disadvantages of the number of LPG-dispensing outlets in the country. While Calor claims to have a full national network, clearly it cannot match the availability of conventional petrol.

Rodgers spares no-one in bitter denunciation of Labour Party leadership

BY IVOR OWEN

LABOUR'S leadership was denounced as "a rabble" by Mr. William Rodgers, a founder member of the Social Democratic Party, in a speech delivered at Aylesbury last night.

He spared no-one in the bitterest attack yet made against former colleagues by any of the ex-Labour ministers now spearheading the effort by the new party to break the existing political mould.

Mr. Rodgers maintained that the Labour leadership was neither loyal to each other nor applying their minds to the real problems facing Britain.

He forecast that the voters who rejected the harsh and divisive policies of Mrs. Thatcher would not turn to the Labour Party at the next election.

"They are seeking something new," Mr Rodgers insisted.

He reaffirmed that the task of the Social Democrats was to supplant the Labour Party as the natural party of government of the Centre-Left of British politics.

This theme also featured strongly in a speech by Dr David Owen, parliamentary leader of the Social Democrats, at Southampton.

He was adamant that there was no questions of the Social Democrats being a mark-2 or mark-4 Labour Party. Nor would they strive to ape the Conservative or Liberal parties.

The new party was developing a quite separate and distinct identity of its own, which he defined as "radical, Left-of-Centre and unafraid to challenge the accepted wisdoms of the past, and the status quo of the present."

Dr. Owen claimed that few people had yet realised the radical nature of the de-centralist ethos of the Social Democrats.

"The centralism of past Labour and Conservative governments is being subjected to a fundamental attack, and so are the centralist economic policies.

"The statutory, or centrally-imposed incomes policies, whether supported by Labour or Conservative governments, or the Liberal Party, run counter to a de-centralised social market approach."

Dr. Owen issued a public invitation to Mr. Robert Mitchell, Labour MP for the Itchen division of Southampton, to join the Social Democrats.

He recalled that, because of the situation in the Labour Party, Mr. Mitchell had already refused to let his name go forward for re-selection, and had stated that he would decide whether to remain a member of the Labour Party after the October conference.

"I hope he will decide to become a Social Democrat," said Dr. Owen.

● Col. Richard Kershaw, Social Democrat MP for Toxteth, is one of several Liverpool MPs affected by radical changes in parliamentary boundaries on Merseyside, proposed by the Parliamentary Boundaries Commission.

If the commission's proposals are implemented, the name Toxteth will disappear from the parliamentary map, and the seat will be absorbed by three neighbouring constituencies.

'Aid health insurance' call

THE GOVERNMENT was urged yesterday to give tax relief on private health insurance subscriptions.

Mr. John Phillips, chairman of Private Patients Plan, called for payments to be treated in the same way as pension contributions.

He said in London that 1980 figures showed PPP covered about 660,000 people — 17 per cent more than in the previous year. Subscription income was £36.7m, of which 82 per cent was paid out in claims.

Garrard launches new range in bid to overtake Japanese manufacturers

FINANCIAL TIMES REPORTER

GARRARD, the once renowned turntable manufacturer which declined into obscurity as a result of Japanese domination of the world audio market, is about to launch a range of products which it believes will help restore its former position.

Garrard survived only as a result of a take-over last year by the major Brazilian electronics company Gradiente, which Garrard originally supplied with components for the assembly of turntables. Now the company will offer a complete range of hi-fi equipment, with everything except the new turntable manufactured in Brazil.

During the past two years Garrard has been through a difficult transition, trying to live down the poor reputation it suffered in its last years as a Plessey subsidiary when losses mounted to about £3 a year.

However, the Swindon-based company last week discontinued output of its older model turntables and is about to start producing a newly-designed turntable which will be launched in London next month.

Mr. Alan Kirton, the company's managing director, who has seen the workforce shrink from about 4,000 to its present level of 250, admits this is probably Garrard's last chance.

At its peak in the early 1970s the company was celebrated for the quality of its products, and with particularly strong demand in the U.S. it was turning out about 50,000 mechanical record changers a week.

But Plessey and Garrard failed to recognise the Japanese electronics challenge and the changing trend toward modular hi-fi equipment, which enthusiasts could mix according to their preferences for loudspeakers and amplifiers.

At that time, Garrard was still a major "OEM" (other equipment manufacturer) supplier for the rapidly dating chassis-type audio equipment, a market which the Japanese virtually ignored as they saw modular sales booming. Moreover, they had introduced direct drive rather than belt drive turntables, which many enthusiasts immediately preferred.

"Hi-fi is a fashion business, and the Japanese are superb at producing and marketing a cosmetically attractive product," Mr. Kirton said, suggesting that initially Japanese turntables were not as good as Garrard's high quality, mechanically engineered products. But now there is no doubting their excellence.

Garrard's chance to challenge the Japanese has come about largely as the result of the difficult position Gradiente faced when Garrard was on the brink of closure in 1978, threatening its supply of components for the assembly of 50,000 turntables a year in Brazil.

Senior management of Gradiente pointed out then that it wanted to increase assembly to 200,000 units a year, and after a fruitless approach to Britain's other major manufacturer BSR, Plessey allowed Gradiente to use patents and designs for the Brazilian model it assembled, allowing it to buy components direct from UK suppliers, and from Garrard.

Although Garrard had then dropped much of its OEM business, the quality of its turntables was causing severe problems and Gradiente bought the company for £1m in November 1979. This excluded factory buildings, but other assets were valued at about £5m.

Last year Gradiente, which employs about 5,000 people in its ten factories, doubled its turnover compared with 1979, achieving a figure of £45m. It now holds about 80 per cent of the Brazilian audio equipment market, which is largely protected from Japanese competition through restraint on direct imports.

The company is also a major supplier of telephones, switchgear and electrical goods. It has a subsidiary in Mexico and sees the Garrard name and distribution network as an important marketing weapon in its bid to increase European and world sales.

But the problems facing Gradiente and Mr. Kirton in saving Garrard were severe. At one point product quality at Swindon became so bad that production was stopped to enable the company to cope with the flood of turntables called back for correction of faults.

As a result of this the old model range was thoroughly up-dated and the troublesome mechanical faults eliminated, while at the same time a completely new model was designed. Although Gradiente spent about £100,000 on improving an obsolete product, it was deemed essential to maintain Garrard's credibility in the market while another £600,000 was spent on developing the new turntable.

"We have been through a terrible cash crisis," Mr Kirton said. "We had to move to a new factory, pay for redundancies and cope with serious problems in the U.S. because of the high value of sterling. It was a matter of surviving until the new turntable was ready."

Garrard lost about £500,000 last year, considerably more than the sacrifice Gradiente believed it would have to make. Management is now confident, however, that Garrard can become viable in 1982. A complete range of equipment—loudspeaker, amplifier, tuner, cassette deck and turntable—is due to be revealed in London next month, so that a great deal is at stake.

Mr Kirton believes about 80,000 Garrard turntables could be sold world-wide by the end of the year, with the figure possibly rising to about 200,000 in 1982.

Company back in the labour market

RECESSION - HIT North Staffordshire yesterday received some good news.

Electrical goods manufacturer, Russell Hobbs based at Blythe Bridge, Stoke-on-Trent, who started the year on short-time working, are now taking on 70 extra workers.

British Aluminium to raise some prices

BRITISH ALUMINIUM is to raise the price of certain semi-fabricated products in order to "reduce losses," the company announced yesterday.

Semi-fabricated, rolled and extruded products are to go up by £80 per tonne for despatch on June 8. In consequence, prices of aluminium foil and certain other products will increase by up to 7½ per cent from July 1.

The last price increase was nearly 18 months ago. Since then manufacturing costs have risen much in lines with inflation at 16 per cent.

UK NEWS

Industrial Commercial and a team of scientists invest in the risk business

BY ROSEMARY BURR

MAKING money out of disasters is not restricted to film producers. Scientists such as Mr. David Slater earn their living by investigating oil spills, poisonous gas clouds and industrial sabotage.

Mr Slater, aged 40, a chemist and engineer, specialises in assessing the risks involved in high technology projects such as nuclear power and chemical plants to both the workers and people living nearby.

This month, Mr Slater launched his consultancy company, Technica, with backing from the Industrial and Commercial Finance Corporation (ICFC), the City institution which provides funds for small companies.

Unlike many small businessmen, Mr. Slater had little difficulty in getting the money he needed to set up Technica. Acting on the advice of his accountant, he approached the Reading Office of ICFC and prepared a detailed prospectus of the new company's potential market and its financial needs.

Mr. Roger Cottrell, ICFC area manager, said, "We backed Technica because it consisted of a team of people with a sound track record albeit in a somewhat esoteric field.

"Although Mr Slater and his team had not demonstrated they could run a business, their experience in the field and numerous contacts we felt warranted our support."

Mr. Slater has spent the last seven years working at Cremer and Warner, the consulting engineers, as a risk consultant.

Founded in 1946, Cremer and Warner, which now has a staff of 150, originally specialised in designing chemical plants.

Later, it developed expertise in examining the impact on the immediate environment of such plants. Eventually, it became involved in monitoring plant safety.

It was a short step to taking a more active role in working out the risks of an accident occurring at a plant and the likely impact on the people working on the site and those outside it.

This was the activity which Mr Slater hoped to develop at Cremer. He was made a partner in 1976, and led an 11-man team which specialised in providing international giants, such as ICI and BP, and government agencies, with this type of risk analysis.

Mr. Slater's interest in this field dates back to 1974 when, as a university professor at Imperial College, he was invited to chair the committee advising the court of inquiry into the Flixborough explosion.

The cause of the explosion, which killed 28 people, was the subject of much controversy, and was later traced to the malfunctioning of a temporary pipe installed to bypass a piece of defective pipe.

Mr Slater's team also investigated the fire at Seveso in Italy. A relief valve failed at the Seveso plant, which manufactured trichlorophenol, and large quantities of toxic dioxin were expelled into the air. People evacuated their homes. Local inhabitants fell ill.

In addition, the group prepared a critique of the Health and Safety Standards Committee report on the risks involved in the concentration of petrochemical plants in Canvey Island.

The group also assessed possible dangers involved in several North Sea oil shore installations such as the natural gas terminal at St. Fergus, the ethylene cracker in Fife and the refinery at Nigg in Cromarty.

However, Mr Slater was not happy with the amount of resources Cremer was prepared to devote to his department.

Explaining his decision to leave Cremer, he says: "It was a matter of style and priorities."

Mr. Derek Tow, a partner at Cremer, said: "They were basically a small part of our consultancy team. Their strength was on the theoretical side. I think clients prefer a more pragmatic approach. They want to know what went wrong rather than what could go wrong."

Still, Cremer plans to make available to its customers the service provided in the past by Mr Slater's team. The company has hired staff to replace those who have left.

Mr. Slater expects a high demand for his service. He says big businesses are under growing pressure to provide the community in which they operate with information on the potential risks involved in their high-technology plants, such as nuclear power stations.

Besides proving the safety of their plants for those who operate them, companies increasingly have to analyse the possible damage to the local community of an accident or an attack by terrorists.

Mr. Slater points to moves by the British Government and the European Commission towards the introduction of more stringent safety and pollution standards for industry.

Technica's first major project, won in the face of American competition, is a report on health and environmental risks from the concentration of chemical plants around the Port of Rotterdam. The report will form the basis for subsequent legislation to reduce hazards.

Technica is also working for the Shetland Island Council preparing a study of the likelihood of a local oil spill. Other customers include British Gas and four multinationals.

One of the main problems facing Technica in getting customers is the high percentage of contracts from governments. They tend to prefer semi-government research agencies to do what is frequently highly secret work and write reports which may be potential political dynamite—such as those concerning dangers of nuclear fall-outs.

The company's other main competitors are mostly large international consultancy agencies.

The forecast on which it gained ICFC's backing was based on Technica winning a small slice of the market. Mr. Cottrell said, "It appeared to us likely that, with their connections, they could generate enough business to support a separate company.

"We based our decision on looking at both the best outcome if activity was high and the worst, if business was slow in starting. We then provided them with enough funds to cover them in case of the worst."

ICFC's support was in the form of a package of short and long term loan capital. It took a 25 per cent shareholding in the company, which is capitalised at £30,000.

In addition, ICFC granted Technica a £40,000 unsecured loan to be drawn as needed. The rest of the equity was provided by Mr. Slater and the other scientists.

With ICFC's backing, obtaining premises—frequently a headache for small businessmen—and finding a sympathetic bank manager proved relatively easy. Barclays Bank agreed to give the company a £30,000 overdraft.

Mr. David Slater

Mr. Cottrell admits that Technica "is not the run of the mill company we support. We are simply backing their own skills and ability to generate work."

Unit trust investment up to new record in April

BY ERIC SHORT

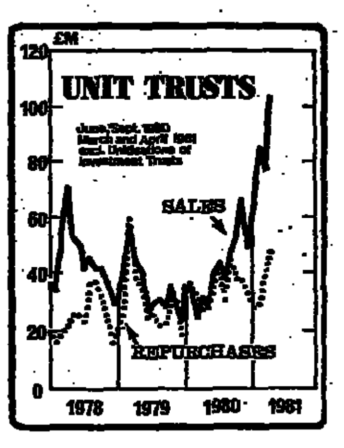
THIS YEAR'S investment boom in unit trusts continues to gather momentum. Both sales and net new investment in April exceeded the record levels in the previous two months.

Total sales rose by £8m on the month to £107.4m, and net new investment rose marginally to £60.1m from £59.8m, even though repurchases in April at £47.3m reached their highest level since March 1979.

This boom was in a month when the stock market was extremely buoyant, the FT 30-share index rising nearly 70 points to its all-time high of 597.3 at month-end.

The underlying trend of investment in April is even more impressive when the exceptional features are considered.

Sales and net new investment in March were boosted by £22.8m, arising from the unitisation of certain investment trusts and linked life funds.



In April the figures received just over £4m from unitisation of some Hill Samuel life funds, leaving adjusted sales for the month of about £103.4m and adjusted new investment of £56m. The adjusted figures for March were £76.4m and £37m respectively.

Unitisation has thus helped boost net new investment in the first four months of this year to £211m, more than double new investment for the whole of last year, which was £107.6m.

Unit trusts are set to exceed the results in the early 1970s, culminating in net investment in 1972 of £241.3m.

The movement received further encouragement in April when the number of direct unitholders increased for the fourth successive month to 1.757m, after ten years' decline in which numbers fell to a low of 1.721m at the end of 1980.

Mr Mark St. Giles, chairman of the Unit Trust Association, jubilantly referred to these figures as indicating that the investing public had rediscovered its faith in unit trusts as an effective means of investing in equities, both in the UK and overseas.

15m visitors expected

By Arthur Sandles

BRITAIN COULD have nearly 15m overseas visitors by the mid-80s—2m more than last year—if the nation produces new attractions and treats tourism seriously.

The British Tourist Authority predicts this in its Strategic Plan 1981-1985 (BTA, £1.50). It says these visitors will be spending over £6bn a year in Britain at current prices and will also be buying tickets from British airlines and shipping companies.

Most of the growth would come from Europe, with modest increases in traffic from North America.

The authority says that new attractions will be needed to draw first time travellers.

Pub tenants win greater security

BY GARETH GRIFFITHS

BRITAIN'S 36,000 public house tenants are to be given extra security of tenure and allowed to buy wines and spirits at lower prices in order to boost their profit margins.

Under an agreement announced yesterday between the Brewers' Society and the National Union of Licensed Victuallers, a much stronger code of practice allows a tenant to lose a public house only after a prior warning and where the causes for eviction are reasonable.

The new code has been under discussion for six months and represents the first national agreement between the two organisations.

The number of public house tenancies being terminated by the brewers has risen during the past 18 months and the underlying tension between brewers and tenants has been exacerbated by the division of amusement machine profits.

This is under investigation at the moment by the Office of Fair Trading.

In its guidelines to the 81 UK brewing companies, the Brewers' Society says tenants should be offered cash and carry facilities at brewers' off licences and depots where possible.

The Society has asked its members to allow tenanted and managed houses to buy wines, spirits and minerals at the same price charged to free or non-tied houses.

Bar prices are unlikely to fall because of the new procedures. The aim is rather to boost public house margins which have been under pressure for the past two years.

Mr. Derek Palmar, chairman of the Brewers' Society and of Bass, said the agreement eliminated any cause for public house tenants to be worried over breach of agreement cases and helped maintain goodwill in the industry.

The main thrust of the brewing industry's investment during the next three years would be on public house improvements.

School plan opposed

By Michael Dixon,
Education Correspondent

INDEPENDENT schools are to set up a defence committee to oppose a new plan by the Labour Party to curtail private education.

Mr Tim Devlin, director of the Independent Schools Information Service, said yesterday that the plan was "against the wishes of most people in this country, including Labour voters."

The proposals, to be considered soon by the Opposition's Home Policy Committee, include cuts in the grants of universities admitting large numbers of independent-school pupils,

Reform the voting system —Shawcross

ELECTORAL reform is vital to the future of the Conservative Party—and Britain, Lord Shawcross, former Labour Attorney-General, said yesterday.

The great majority of British people had shown in numerous opinion polls that they wanted reform of the House of Lords and of the electoral system, he said.

The Lords performed "a vitally important function," but the present composition was "indefensible.

"Old fogies like me, and still more the hereditary ones, should be done away with, and the whole Chamber made an elective one," said Lord Shawcross, who is 79.

As for electoral reform, he said a main factor in Britain's present "dismal state" was the fact that since World War Two the nation had been governed by parties who had won only a minority of votes.

Money available for roads at 15-year low

By Lynton McLain

INVESTMENT in motorways and trunk roads has reached its lowest level for 15 years and left about 550 communities needing by-pass roads.

Mr Tony de Boer, chairman of the British Road Federation, told the federation's annual meeting in London yesterday.

Over 9 per cent of Britain's gross domestic product was reinvested in public sector roads, housing, water, railways and hospitals 10 years ago, he said. Today less than 6 per cent of the GDP was reinvested.

"No other country in the European Community is failing to renew its capital assets in this way," Mr de Boer said.

"The fall in public capital spending in Britain has been devastating.

Isotope plant opened in Cardiff

By Robin Reeves

AMERSHAM International's new £20m Cardiff radio isotope production laboratories were opened by Mr Nicholas Edwards, Secretary of State for Wales, yesterday.

The state-owned company, which until earlier this month was called the Radio Chemical Centre, began increasing its output of radio isotopes at the Cardiff facility 18 months ago. The new site is now meeting more than 1,500 orders a day—more than half the production of the company, whose headquarters are at Amersham, Buckinghamshire.

About 80 per cent of Amersham International's output of more than 100 different species of primary isotopes and other radio chemicals is exported to about 60 countries to meet growing appplications in medicine and industry.

UK NEWS—LABOUR

Inter-union conflict set to escalate

BY JOHN LLOYD, LABOUR CORRESPONDENT

A DISPUTE between the country's two major white-collar unions seems likely to escalate to a call for the suspension of one of them at this year's TUC congress.

The 150,000-strong Association of Professional, Executive, Clerical and Computer Staff (APEX) has written to the TUC demanding that the 450,000-strong Association of Scientific, Technical and Managerial Staffs (ASTMS) obey the terms of a TUC disputes committtee ruling made in February.

If ASTMS does not comply, APEX is mandated by its conference to call for its suspension.

However, ASTMS is similarly mandated by its conference to challenge the TUC ruling at the congress in September, probably by moving reference back to the section in the TUC annual report referring to the dispute. In the meantime, ASTMS has written to the TUC asking for "clarification" of the ruling.

The disagreement between the two unions — which has an eight-year history and which caused a big row in 1974 — concerns their organisation of staff at the General Accident insurance company.

Following a battle between the two unions in 1974, the TUC criticised APEX for approaching the company's staff association, SAGA, with a view to a merger without consulting ASTMS. It ruled that "ASTMS is the appropriate union for staff employed by General Accident."

Since then, ASTMS has recruited former APEX members, without going through the normal "Bridlington" procedures appropriate to such a move. In February, the TUC disputes committee ruled that ASTMS "hand back" over 1,000 members to APEX.

ASTMS organises some 5,300 workers in clerical and supervisory grades in General Accident. APEX organises over 1,200. The two have parralel bargaining rights with the company. They have no joint committee structures.

Mr Roy Grantham, general secretary of APEX, said: "ASTMS doesn't want anybody in the insurance business but itself. It thinks it should be a monopoly. In fact, there are five unions in insurance, apart from ASTMS. The simple fact is it was caught out over Bridlington —it is the oldest thing in the book."

Mr. Peter Kennedy, national officer of ASTMS, said yesterday: "We are asking for clarification of the award. It is just impractical. Nobody has said they want to be members of APEX."

Both unions, and especially APEX, have been hit by falling membership. This has intensified their decision to hold and extend their areas of organisation.

Because of the mandates given to both executives by their conferences, it now appears certain that the dispute will surface —possibly damagingly—at congress.

Liverpool dispute halts all cargo operations

BY PAULINE CLARK, LABOUR STAFF

CARGO OPERATIONS in the Port of Liverpool will stop today when 3,500 dockers strike for 24 hours over pay.

It is the first time in 10 years that Merseyside dockers have taken action in a dispute over their annual pay negotiations and the move prompted renewed warnings from employers yesterday that unless dockers co-operated the port's future could be at stake.

The decision to hold an unofficial stoppage was taken yesterday by a mass meeting of dockers called by the Mersey Docks shop stewards committee to give a progress report on negotiations over a 13 per cent pay claim.

Employers have refused to improve their offer of an £8 rise from April on basic rates of £78.50 a week and £4 extra on the bonuses which boost earnings to an average of about £117 a week at present.

Shop stewards said yesterday that the main reason for the deadlock was the employers' proposals to change working practices in the port as a condition for any increase in pay.

Mr. Denis Kelly, chairman of the shop stewards' committee, said the dockers had pressed for an all out strike over the issue but had accepted shop stewards' advice to stage only a token strike.

Mr. James Fitzpatrick, chairman of the Liverpool Port Employers Association and managing director of the Mersey Docks and Harbour Company, the biggest employer in the port, said yesterday the pay offer remained open to negotiation but any increase must be tied to an agreement from dockers to co-operate with plans to improve efficiency in the port.

Employers have sought agreement to reduce the size of gangs allotted to each ship which they say are overmanned, leaving some dockers on full pay without enough work to do.

They argue that smaller gangs will make the port more competitive, attract more business and eventually lead to a reduction in the number of dockers who have to go into the surplus pool on fall back pay.

In addition they want an end to a previous agreement to rotate all dockers through the Royal Seaforth container dock complex where there are higher earnings opportunities.

Shop stewards involved in a pay dispute affecting about 1,600 dockers in Southampton yesterday warned that they were stepping up action to prevent any diverted cargo ships being handled in other ports.

The port has been operating only a single day shift for more than three weeks because of a dispute over dockers' claims for earnings parity with non-registered dock staff.

Job Centre staff cuts opposed

By Our Labour Staff

THE Manpower Services Commission said yesterday it would oppose any further cuts in the number of Job Centre staff—but would accept proposals for voluntary registration of the unemployed, despite fierce opposition from the TUC.

Replying to the Government's consultative document, "Payment of Benefits to Unemployed People," it said it could accept that the unemployed should no longer be compelled to register at Job Centres but only if the effectiveness of the employment service was safeguarded when the change was made.

It rejected the suggestion that 1,250 extra staff cuts should accompany the change on top of the cuts totalling 3,115 already imposed on the employment service.

Only last week the TUC, during a stormy MSC meeting when it was outvoted on the issue, criticised the proposal to end compulsory registration. Trade unions fear the move would deprive the commission of access to important information on the state of the labour market and would reduce the overall service to the unemployed.

The MSC agreed with the union argument that a "vey important" part of the service was to help people claiming benefit to find jobs.

While the change would remove some unnecessary routine work, it would be more difficult to ensure help for vulnerable groups such as the disabled.

Train drivers may strike over cuts

BY OUR LABOUR EDITOR

TRAIN DRIVERS on the southern region of British Rail are threatening to take unofficial industrial action from next week in protest at cuts in services and a consequent loss of their earnings.

Despite the threat, and official trade union requests for the cuts to be delayed for two months, British Rail said yesterday its planned timetable alterations had to go ahead.

Leaders of the drivers union, the Associated Society of Locomotive Engineers and Firemen (ASLEF), were meeting last night but it was not immediately clear whether any statement or decision would be made.

ASLEF's policy has been to tell its members not to take part in exercises designed to reduce the level of service.

There has already been some disruption on the southern and eastern regions, particularly on the London to Hastings line when new rosters were first introduced in January and 100 drivers suspended.

Now southern region drivers are threatening more extensive action, including a 24-hour strike.

BR, which is cutting costs generally and may reduce inter-city services in the autumn, said yesterday the timetable changes were designed to match supply more closely to demand and save about £3m a year.

It was willing to talk to the unions to avoid the threatened industrial action. But the changes had to go ahead.

ILEA changes 'time off for rally' scheme

By Michael Dixon,
Education Correspondent

THE Inner London Education Authority yesterday modified its scheme to give paid leave to teachers and other employees to attend a political rally on June 1 in support of the People's March for Jobs.

Paid leave is now to be given only to people whose absence will not disrupt the work of the authority's education service, which will then be embroiled in the national 16-plus examinations.

The decision will be up to heads of schools and colleges in the case of teachers, and to ILEA's chief official in the case of other employees.

Mr. Bryn Davies, leader of the authority, said the Inner London Teachers' Association and other public service unions had asked that members be allowed paid leave to support the campaign.

Gowrie hits at effects of racial discrimination

BY JOHN LLOYD, LABOUR CORRESPONDENT

RACIAL DISCRIMINATION is continuing to undermine efforts to help ethnic minorities, Lord Gowrie, the Employment Minister, said yesterday.

He told the annual general meeting of the Bedford Community Relations Association that there must be a sense of urgency over combating racial discrimination.

"Five years after the passing of the Race Relations Act, it is just not acceptable to adopt the attitude that tomorrow will be soon enough. The elimination of discrimination is something we should all want, and all of us can play a useful role in its achievement by influencing those who mistakenly practice it," he said.

Lord Gowrie said that the Government did not bear all the responsibility. The main impetus for action lay with those who lived and worked "in what we must recognise and accept as a multi-racial society."

Ethnic minorities were particularly badly affected during recessions, because of their younger age structure and their concentration in unskilled and semi-skilled jobs.

Lord Gowrie said there was no easy way to improve that situation, but that ethnic minorities would benefit proportionately more as conditions improved. The Government's approach was right for ethnic minorities as well as right for the nation as a whole. "Of course we would like to see more being done but we have to earn the money first before we can spend it. We cannot borrow our way into good race relations," he said.

6% pay rise for spinning workers

FINANCIAL TIMES REPORTER

A PAY RISE of 6 per cent on current earnings backdated to May 4 has been agreed for some 20,000 spinning and weaving workers in the cotton and allied fibres textile industry.

But the pact allows employers who are unable to meet the cost of this wage increase without jeopardising their survival and their workers' jobs to discuss their difficulties with the appropriate trade union officers in order to agree on measures to resolve them.

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APPOINTMENTS

Changes at Hongkong and Shanghai Banking Corp.

Mr John Boyer, deputy chairman of HONKHONG AND SHANGHAI BANKING CORPORATION (HSBC) since 1977 and chairman of Wardley, will be retiring on September 30. He will be succeeded as deputy chairman of HSBC by Mr Peter Hammond, executive director.

Sir Philip de Zulueta, chairman of Antony Gibbs Holdings and a member of the London advisory committee of HSBC is being appointed special advisor to the Board of HSBC. On Mr Boyer's retirement he will succeed Sir Philip de Zulueta as chairman of Antony Gibbs Holdings, a wholly-owned subsidiary of HSBC. Mr Roy Munden, executive director of HSBC will succeed Mr. Boyer as chairman of Wardley.

★

Mr John H. Boden has been elected chairman of the METAL PACKAGING MANUFACTURERS' ASSOCIATION. He succeeds Mr Alec Hayward, who held the post for two years. Mr Richard M. O. Stanley, a director of Metal Box, has been elected deputy chairman. Mr Boden is chairman of Metal Closures Group.

★

Mr Eric Hampshire, who recently retired as treasurer to British Gas Corporation, becomes a director of MANCHESTER EXCHANGE TRUST and public sector consultant to the Manchester Exchange Group from July 1.

★

From June 1 Mr Simon Wood, assistant to the directors, has been appointed a director of ALLEN HARVEY AND ROSS.

★

Mr A. W. Lloyd has been appointed managing director of E. GERALD, a member of the Richardsons Westgarth Group.

★

Mr Peter M. Smith has been appointed an associate director of CMG COMPUTER MANAGEMENT GROUP.

★

On June 1 Mr. Phillip Langley-Essen will become sole general manager of the NEWCASTLE BUILDING SOCIETY on the retirement of Mr. Tom Bathurst, who previously held the position of joint general manager.

★

The REGIONAL NEWSPAPER ADVERTISING BUREAU has formed a division to undertake the promotion and advertising of the regional Press. The new division is headed by Mr. John Barton, formerly deputy marketing manager of The Times. He will be in charge of a contact programme with advertisers and agencies, with print and presentations and with advertiser services.

★

Mr. Colin Beck has been appointed director and general manager of Turner and Newall's subsidiary TURNERS ASBESTOS FIBRES from June 1. He will succeed Mr. Alan Nelson, who has been appointed T&N's corporate general manager—planning.

CONTRACTS

Orders for pneumatic machinery controls, totalling over £250,000, have been received by VOSPER THORNYCROFT (UK) a member of British Shipbuilders. Two sets are being supplied to Hall Russell & Co., Aberdeen, for Royal Navy Castle-class offshore patrol vessels. Three ship sets have been ordered for the 56-metre Province class vessels Vosper has under construction for the Sultanate of Oman Navy. Six sets are on order for export to Blohm and Voss, Hamburg, for installation in the corvettes being built for Argentina.

★

SIGMUND PULSOMETER PUMPS, a member of the SPP Group, is to supply further pumps for the Drax power station in Yorkshire, under a contract worth more than £110,000 placed by Aiton and Company, Derby, for the generation development and construction division of the Central Electricity Generating Board. The order covers 15 horizontal split-case pumps which will be used in the second stage development of the station for water supply to the ash-handling plant, the internal fire hydrant system and for general duties.

★

HOLLIDAY HALL AND CO., a member of the Matthew Hall Group, has been awarded three contracts together worth about £5½m. The largest, which spans a period of two years and is valued at around £5m, is for British Nuclear Fuels and covers the supply, installation, testing and commissioning of electrical and instrumentation equipment in, and associated with, various buildings and facilities on its Sellafield site. The second contract is worth about £350,000 and covers the complete electrical installation in the County Hall, Beverley, for the Humberside County Council, and the third contract (about £325,000) is for the supply and installation of the cables, lighting and ancillary equipment on the new coal preparation plant at Renishaw Park Colliery for the North Derbyshire Area of the National Coal Board.

★

BICC TELECOMMUNICATION PROJECTS, Prescot, has been awarded a contract valued at £682,000 from British Rail, Southern Region, for the supply, installation and commissioning of telecommunication cables to be used on the Brighton line resignalling scheme, area 1 between Earlswood and Preston Park. BTP is also required to install and commission a telecommunication coaxial cable between Earlswood and Preston Park and CCTV cables between Three Bridges and Keymer.

★

HESTAIR DENNIS, which manufactures fire appliances, municipal vehicles and a range of bus chassis, has ordered two ME29 computers, worth £350,000 from INTERNATIONAL COMPUTERS. The ICL computers will replace a Sperry Univac 90/30 computer.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Alcohol: decoding the smoke signals

ACCORDING TO YOUR point of view, there either is (or there is not) a growing trend towards alcoholism and alcohol-abuse in Britain, and a growing need (or arguably not) for the sort of measures called for last month by Sir Bernard Braine, Conservative MP for Essex South-East and chairman of the National Council on Alcoholism.

Saying that the pressures on the health services caused by alcohol abuse were now "intolerable," Sir Bernard called for safety warnings on drinks bottles, index-linking of the cost of alcohol, and an end to the proliferation of retail outlets for the sale of alcohol.

Others have gone further, saying they will examine and promote further curbs on alcohol advertising, if not an all-out ban.

Threats on the advertising front follow the furore over tobacco advertising—a battle that the tobacco manufacturers may by now have lost—though in the case of drink, the opposition from manufacturers and marketeers is expected to be much more intense, if only, said a spokesman for the Health Education Council in London this week, "because drinks advertising, unlike the advertising of tobacco, is not an issue that can be discussed in black-and-white."

There is a great deal at stake.

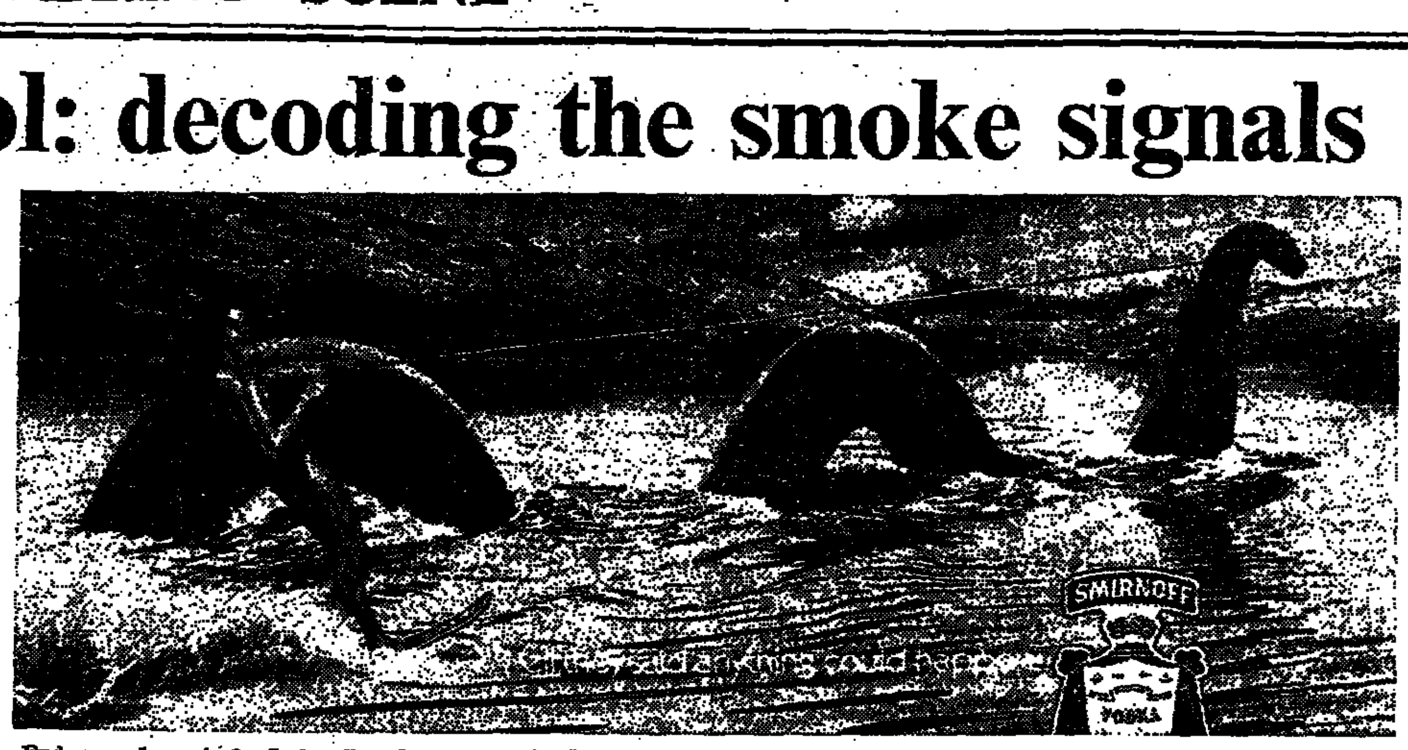
According to Roger Underhill, director of the Advertising Association in London, the total spent on advertising alcoholic drink and tobacco products in Britain last year was £148m, of which at least £70m was spent advertising alcohol.

Mr Underhill says it is difficult to quantify the threat to the advertising of alcohol, but refers to a groundswell of Press comment about alcohol abuse: "We have to examine the smoke signals. Were we to sit back and do nothing, people would start believing all that they read."

In his view, the health educators "are trying to find a simple and easy step, and know that advertising is conveniently to hand. But they also know what we know: that in practice, a ban on the advertising of alcohol wouldn't reduce alcoholism, or the number of heavy drinkers."

For the present, the AA has decided against mounting its own advertising campaign, with which to press its views, though the Allen Brady and Marsh agency has produced firm campaign proposals that Mr Underhill says are "excellent."

"This is not the moment to go ahead with it. A campaign could make the problem worse by drawing attention to it," he says—a claim that finds no favour with the Allen Brady chairman,



Endangered species? Smirnoff and monster—the latest poster and magazine advertisement in the long-running "Anything could happen" campaign for Smirnoff Vodka, brand leader in the £440m UK vodka market, for which IDV has pencilled in a £1.25m advertising budget this year.

Peter Marsh, who says that many of those ready and willing to argue for stricter controls on drinks advertising, or even a downright ban, would be "concerned not with arguing their cause but with expiating their angst."

A briefing paper prepared recently by M. J. Waterson, the Advertising Association's research director, summarises the debate as seen by the advertising and marketing fraternities.

In Mr Waterson's view:

- Almost every industrialised country in the world faces health and social problems arising from the misuse of alcohol;
- Estimates for the number of problem drinkers in the UK vary widely, but even the highest estimates "also demonstrate that 98 per cent of drinkers (about 40m people) are *not* problem drinkers. . . . Insurance statistics and research evidence show that the moderate consumption of alcoholic beverages is actually physically beneficial (teetotalers die young)."
- The evidence available, most of it deriving from non-industry sources, "clearly suggests that advertising has little or no impact on mature alcohol markets, other than at the brand level," he says.
- Whereas the evidence available suggests that in the UK "there is no measurable link between per capita alcohol consumption levels and the number of heavy drinkers," there is evidence that strongly suggests "that alcohol abuse is related to a variety of socio-cultural, genetic and pyschological factors which cannot be in any way related to advertising expenditure levels."
- In addition to being "wholly ineffective" in combating alcohol abuse, a ban on alcohol advertising "would deny the 40m moderate drinkers in the UK the right to product information: would have a serious impact on the effectiveness of the UK's drinks manufacturers; and would logically lead to demands for advertising bans on a whole range of other products (medicines, cars, etc.) which can harm consumers when misused," he says.
- Evidence from Norway (where alcohol advertising has been banned since 1975), "suggests that an advertising ban might lead to a rise in the proportion of alcoholic drinks illegally manufactured." Norwegian Government estimates, says Mr. Waterson, suggest that more than 30 per cent of spirits consumed are now illegally distilled, despite all the attendant health hazards.

Freddie Lawrence, head of advertising at the Health Education Council, said this week: "I don't know whether advertising stimulates the consumption of alcohol, but I don't see why huge sums are poured into advertising if not, in part, to stimulate consumption.'

He said the council was not calling for a total ban, as in the case of tobacco products, but for further tightening and stricter enforcement of the UK's Code of Advertising Practice. "The drinks ads could do with a lot less sun, sex and snobbery," he said. "Many are far too seductive."

Peter Marsh claims that many of those who were involved in lobbying against cigarette advertising are now to be found lobbying against drink advertising.

"There is this lunatic fringe of 3 to 4 per cent," he claims, "who either go into politics, murder, or decide they must abolish drink or tobacco or drink and tobacco advertising. There is too much legislation; it is our job to roll back the frontiers of legislation, and resist its encroachment."

He says his agency would refuse, and has refused, to handle advertising for "anything that was wrong to advertise, either because of product quality or social implications.

"Drink and tobacco," on the other hand, "are part of the social ethic of this country," he says. "If they were being introduced *now*, the impact would be totally different from that which has been established by precedent and usage.

"What worries me," says Mr Marsh, "is the nanny or dictatorial state that starts encroaching more and more on the freedom of the individual to decide what he should or should not do.

"The pendulum may swing the other way as far as social acceptability and usage (of drink) are concerned. But a don't think we should arbitrate on what people should or should not do in areas of proven social acceptance."

MEDIA & ADVERTISING

Fleet Street: 'volume growth at any cost'?

HAVING ANALYSED the latest Audit Bureau of Circulation figures for Britain's national Press, the Young and Rubicam agency wondered this week whether News Group Newspapers' vast promotional effort on behalf of the Sun "will ever be justified in terms of producing a requisite increase in circulation."

ABC figures for the six months October 1980 to March 1981 indicate an average daily circulation for the Sun of 3,644,148, a fall of 201,427 (5.2 per cent) over the same six months a year ago.

With the Daily Mirror shedding only 57,965 copies, or 1.6 per cent, the gap between the Sun and Mirror has narrowed further, to 116,926 copies.

The fall in the Sun's circulation has occurred, says Y and R, despite a massive advertising campaign worth £3.95m, in Media Expenditure Analysis terms, for the 12 months to March 31 1981 against £1.76m for the Daily Mirror and £692,000 for the Daily Star.

The agency also notes that in its "deep concern" over recent circulation losses, News Group cut the cover price of the Sun 2p, to 10p, on May 11, a move that could potentially cost it some £14m in lost revenue in a full year, though Y and R see this as a "special concession, probably for a limited period."

According to the agency's media bulletin, Time and Space: "It is debatable, however, whether this move, or the paper's heavy advertising investment, will ever be justified in terms of producing a requisite increase in circulation.

"The desperate measures adopted by the Sun in order to stay ahead in the circulation game," it says, "are indicative of Fleet Street's attitude in general, which is to seek to establish and maintain volume growth almost at any cost."

For daily newspapers as a whole, the latest six-month sales period indicates a continued gradual decline, says the agency, with aggregate circulation losses of 298,182, or 2 per cent.

The Daily Star, however, maintained its progress, recording a 15.6 per cent gain, to 1,116,385. Regular monthly gains have been achieved, and the Star's latest available ABC return, for March, showed a circulation of 1,277,300.

UK NATIONAL PRESS

Net Sales Figures

NATIONAL DAILIES	Oct. '79-March '80	Oct. '80-March '81	% Change
Sun	3,845,575	3,644,148	− 5.2
Daily Mirror	3,585,187	3,527,222	− 1.6
Daily Express	2,313,083	2,168,261	− 6.3
Daily Mail	1,935,880	1,948,310	+ 0.6
Daily Telegraph	1,446,103*	1,408,910	− 2.6
Daily Star	965,904	1,116,385	+15.6
Guardian	367,807*	391,974	+ 6.6
The Times	325,851*	280,499	−13.9
Financial Times	196,322*	197,821	+ 0.8
NATIONAL SUNDAYS			
News of the World	4,576,865	4,077,174	−10.9
Sunday Mirror	3,845,211	3,741,186	− 2.7
The People	3,917,188	3,713,305	− 5.2
Sunday Express	3,106,077	2,955,153	− 4.9
Sunday Times	1,408,678*	1,441,374	+ 2.3
Sunday Telegraph	1,007,549*	985,797	− 2.2
Observer	1,010,374*	921,864	− 8.8

Source: Audit Bureau of Circulation *January-March 1980

The Daily Express (from the same stable as the Star), continued to struggle, says the agency, losing 6.3 per cent of its previous circulation (down 144,800 copies, at 2,168,261), though the Daily Mail managed a 0.6 per cent increase, to an average of 1,948,310, reducing the gap between itself and the Express to 208,600.

Comparative figures for the quality papers are still affected by the artificiality of the 1979-80 data, says Y and R, which did not relate to a ormal six-month period. However, latest figures for the quality dailies show the situation to be fairly stable, though The Guardian recorded a "significant" sales increase, to a daily average of 391,974, with both February and March levels exceeding daily sales of 400,000.

The national Sunday Press as a whole lost 1,036,089 copies, or 5.5 per cent, during the period, the most serious decline, says Y and R, being that of the News of the World, whose circulation fell 10.9 per cent (virtually 500,000 copies) to 4,077,174.

In a review of developments among the Sunday colour supplements, Y&R notes that advertisers will soon have a wider choice of magazines capable of reaching mass audiences at both ends of the market.

In addition to the Sunday Times, Observer, Sunday Telegraph and Sunday Express colour magazines, Mirror Group Newspapers is expected to launch a Sunday Mirror Magazine next February; Associated Newspapers is expected to launch a magazine in conjunction with its new Sunday newspaper next March 21; and News Group is to publish a Sunday colour magazine, to be distributed with the News of the World, from this September.

"The fresh creative opportunities inherent in these developments will give agencies reason to reconsider their colour options," says the agency, as well as "the possibility of alternative investment of (advertising) funds previously locked into restrictive Press channels, TV and posters."

But it warns that the consensus of media opinion is that enough revenue is unlikely to be generated to support all the magazines jockeying for attention; that fierce competition between them could well lead to casualties; and that in the longer term, low-cost television campaigns on the Fourth Channel and Breakfast Television will start to compete vigorously for revenue from magazine advertisers who currently feel themselves priced off TV.

A taste for exotica

BY DAVID CHURCHILL

SPECIALITY FOODS — from pizzas to patés and gateaux to gruyère—are one sector of the food business that is bucking the recession and growing rapidly. Pizza sales, for example, have grown in volume by over a quarter in each of the past two years, while prepared salads have shown volume growth of 20 per cent, and bran breakfast cereals some 15 per cent.

The retail value of the total speciality foods' market, moreover, is estimated at some £780m, with an extra £1bn from drinks, including wines, mineral waters, and "real" coffee.

Not surprisingly, the major supermarket chains are taking advantage of the growth in speciality foods and drinks at a time when profit margins on more traditional packaged groceries remain under pressure from the High Street price war.

The J. Sainsbury and Safeway supermarket chains in particular have carved out a niche in the market for speciality foods, but even more down-market store chains such as Tesco are increasingly selling delicatessen-type foods.

A new marketing study of the speciality foods sector, published by the consultancy firm, Kraushar and Eassie, suggests that the market "surface has been barely scratched."

Even more market growth could develop, it suggests if British food manufacturers made a bid to capture more of fast-growing speciality food markets. At present, most speciality food and drinks are imported.

German food and drink sales in Britain, for example, grew by some 15 per cent last year to reach more than £650m at retail prices. Ten years ago the market for German foods in the UK was minute.

The growth in popularity of specialist foods over the last decade is a result of several factors. One major change was Britain's entry into the EEC in 1973. This meant that trade barriers and tariffs were reduced, thus narrowing the price differential with traditional British foods.

The 1970s was also the decade when holiday travel took off, so that Britons abroad were increasingly exposed to French Charcuterie, Italian pasta and German saurkraut.

The continental habit of drinking mineral water with a meal is beginning to catch on rapidly in the UK—sales are up 50 per cent by volume in each year over the past two years—largely as a result of Britons acquiring the custom when abroad on holiday.

But speciality foods have also been able to spread rapidly in the UK as a result of the British food distribution network. With multiple chains increasingly dominating the grocery market, speciality food producers only have to persuade the main buyer that the demand is there for the food to get distribution in hundreds of stores.

European food producers have also tended to be more organised than the British industry in marketing their food abroad. The West German Central Marketing Agency and the French agency, SOPEXA, have been extremely successful in recent years in promoting their agricultural products in Britain.

British producers are finally starting to try to reverse the trend, with various ideas for food marketing bodies to be set up, along with the Food Manufacturers' Federation launching an export marketing drive to Holland.

But the report questions why so many speciality foods are imported. "The interest is there, the margins are attractive (about 30 per cent) so why don't we minimise our importing and supply the home market ourselves," it asks. Some manufacturers—such as Unigate, Eden Vale and Mattessons—are already trying to meet the market demand but they are very much the exception at present.

Kraushar and Eassie also come to the *not-too-surprising* conclusion that much of the demand for speciality foods and drink comes mainly from young housewives, especially those living in the more lucrative South-east markets.

According to one market research survey, some 30 per cent of all housewives had bought food or drink from the delicatessen sector of a supermarket in the previous month, although only 16 per cent had claimed to have visited an independent delicatessen shop.

Of the types of outlet included in the survey, Marks and Spencer scored the highest with 41 per cent of housewives claiming to have bought food or drink there in the previous month.

However, the study suggests that only the tip of a massive food market has so far been exposed.

The research shows that in only seven out of the 24 product areas investigated had foods been bought at some time by more than half the housewives interviewed.

The consultants suggest that the lack of more regular speciality foods purchases by housewives is because "the consumer is largely ignorant of how to use the products and neither manufacturers nor retailers are really trying to educate the consumer."

For example, the consultant suggests that housewives need more information on how to cook and use pasta, how to use curry spices and whether mayonnaise differs from salad cream and can only be used with salads.

Opportunities in Speciality Foods and Drinks, published by Krausher and Eassie, 20 Buckingham Street, London, WC2. £395.

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Inconspicuous, no smoke from the chimney, no noise... **David Fishlock** reports

Selling radioactivity in packages

PEOPLE ask us—"when are you going to start working? There's no smoke from the chimney, no noise." Dr. Stuart Burgess, managing director of one of Britain's least conspicuous yet most successful state-owned industries, was te ing about his new £20m factory near Cardiff which has transformed what once was a sheep farm.

Dr. Burgess's business is selling radioactivity, in more than 2,000 different packages—many of which his company has invented—to hospitals, factories and research laboratories all over the world.

His company is Amersham International, formerly the Radiochemical Centre at Amersham, Bucks, but renamed this month in acknowledgement of the name overseas customers know it by. Of sales worth some £50m in the year just ended, 85 per cent were overseas.

From wartime origins in a country house near Amersham, the company has grown into one the British Government now believes private industry will find very attractive to buy.

Presently, it is a wholly-owned subsidiary of the UK Atomic Energy Authority. By next spring the Government hopes to be able to offer up to 100 per cent of its shares to private investors.

Amersham is a high-technology business, which re-invests about 8 per cent of its income in the search for new ways of selling more radio activity in ever more ingenious parcels.

Its products are perishable—some almost as short-lived as a daily newspaper — so it must back its innovation with an international distribution system that guarantees delivery within hours almost anywhere in the world.

Its salesmen tend to be scientists, well equipped to discuss the finer technical points of a customer's needs.

This symbiosis between sales and research drew the company deep into the development of diagnostic "kits" in the 1970s. These are "sets of matched components plus a recipe," says Dr Burgess. Each provides a fool-proof way of meauring very accurately some vital but complex biochemical agent in patients.

The latest from Amersham assays free T4, a thyroid gland factor. To demonstrate its accuracy, and that it is fool-proof and safe, the company has arranged for no fewer than 17 different clinical trials of the kit.

Diagnosis of diseases is the big growth area in packaged radioactivity today. It has proved a remarkably sensitive technique. To exploit it requires close relations with medical scientists. It accounts for more than half of Amersham's sales.

But almost every big drug company competes in this sector. At least a dozen are selling in Britain, for example, in competition with Amersham.

The market for radioactivity in diagnosis is growing at more than 20 per cent a year, and Amersham's share of the market is rising, says Dr. Burgess.

Paradoxically, the drug companies are major customers of Amersham for another line of business. Radioactive research chemicals are reagents "tagged" with a radioactive tracer so that they can be followed throughout a complex series of chemical reactions—say, from the mouth to a diseased organ.

The drug company will confide in Amersham's researchers not merely the chemical it is interested in, but the secret of how to make it, so that Amersham can make the radioactive version. About 20 per cent of its sales of research chemicals go to the pharmaceutical industry.

The strong growth of the medical products business is drawing Amersham into new areas of research. It is investigating the possibilities of diagnostic methods that depend on some factor other than radioactivity, such as fluorescence.

It is also embarking upon research in "genetic engineering," believing that this must open up more new lines for radiochemicals.

Here it hopes to get off to a fast start by marketing the first non-active products from Celltech, the new British biotechnology groups, now preparing to make monoclonal antibodies.

With the Cardiff factory virtually doubling Amersham's production capacity, the decision has been taken to concentrate what Dr. Burgess calls "the light end of the business"—the medical products and research chemicals, low in radioactivity—in Wales.

The "heavy end," in the shape of radioactive products needing much heavier radiation shielding, such as the gamma-ray sources industry uses, remains at Amersham. The company has always been very secretive about the amounts of activity stored at Amersham. But Dr Burgess acknowledges that the amounts are "considerable," mostly stored underground.

The bulk of the activity it sells is brought from Harwell, produced in the UK AEA's research reactors. But Amersham also produces some radioisotopes, mostly short-lived ones for medicine and research, using a cyclotron.

It has just begun to commission a second, more powerful cyclotron; a £2m total investment, in a new facility capable of making some materials it cannot make now, and others more efficiently, Dr Burgess says.

The close relationship between Amersham's scientists and all the research centres of the pharmaceutical industry is vital to a business trying to keep at the frontiers of medical science, he says. "The day we cut off our flow of information, we're dead."

DR. STUART BURGESS, group managing director of Amersham International with the first 42 MeV cyclotron, manufactured by the Cyclotron Corporation of the U.S.

Cleaning antique surfaces

CLAIMS that paint, varnish, lacquer, stains and polyrethanes can be removed from any kind of surface without causing surface damage by using a product called Patinex are being made by Construction and Engineering Co. Faraway House, Pygons Hill Lane, Lydiate, Merseyside (051-531 9490).

This small company says the product was developed for stripping antique furniture without causing the destruction of the item being treated.

Patinex is used at room temperature and is simply washed off leaving the surface as it was when the product was first made.

Construction and Engineering says that with a slight adjustment of its formulation Patinex will strip graffiti from walls.

Container stacking gantries

TWO rubber-tyred container stacking gantries developed by Herbert Morris of Loughborough (0509 63123) have been chosen by CAST for its new "relay" container terminal, which is due to be opened in Ipswich early next year.

Each of the gantries has a span of 22.56 metres and can handle 20, 30 and 40 ft ISO containers. The gantries will operate over six container rows plus a roadway. They are self-propelled and will travel along reinforced concrete runways, while still carrying containers.

Tall storey paging for NatWest tower

THE RECENTLY completed NatWest Tower in the City of London now has what may be one of the largest—certainly the tallest—radio paging system in the UK.

It covers 38 of the 42 storey building which now houses about 2,500 employees of the bank's International Banking Division, reducing significantly, the fragmentation that the division has experienced for some years.

Tele-Nova of Brockley, London (01-692 9816) has supplied the system, which was recently commissioned. It can handle up to eight separate paging functions and up to 1,000 receivers.

The system, which simply alerts key employees to go to the nearest telephone, is the T800 and its installation has involved the laying of some 1,200 metres of coaxial cable between transmitters and aerials inside the building.

There is one main transmitter and a number of slaves with the aerial design pattern spread in a triangular shape to match the clover leaf ground plan of the floors.

Control is by microprocessor and there are separate systems for staff, engineering department and the bank's visitors and key personnel.

Compounds system

PHARMACEUTICALS companies should be interested in a new one-step system for mixing, granulating and drying compounds developed by an Austrian researcher.

The system—the Topegranulator—will be built under licence in Belgium by Machines Collette, a member of the UK group GEI International.

The system is claimed to give economic production of granulates with the elimination of environmental hazard, even when highly active compounds are processed. A seminar featuring Dr. G. Gergely, the inventor of the system is to be held on June 3. More information on 01-546 2552.

Dictaphone moves to micro-cassette era

DICTAPHONE, moving into the "micro-cassette era," has announced what it claims to be the smallest and lightest pocket dictation machine on the market.

Known as the Dictamite MX, the new unit has dimensions of 104 x 57 x 19 mm and a weight of only 192 gms. It offers two tape speeds, the slowest of which will give a full hour's recording on each side while the faster speed gives somewhat better quality and the more usual 30 minutes per side.

The unit has a noise cancelling microphone, allowing dictation on windy building sites and engineering workshops.

Unusual facilities include electronic tones to indicate letter endings and special instructions to the typist, fast forward tape scanning, an extension microphone and an earphone for private playback.

Desk top units for playback and transcription can be supplied, in the latter case with the usual foot control and earpiece and also an illuminated display of all the items on the tape — each letter's start is shown and special instructions along the way are provided by LED signal lamps. More on 0926 38311.

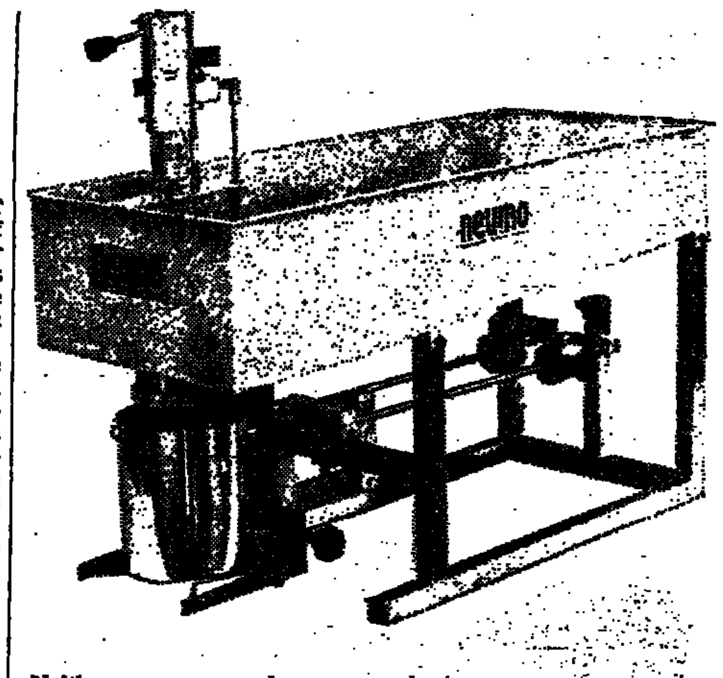
Modules for data extraction

COMPACT, LIGHTWEIGHT modules for the extraction of data from sensors in mobile or moving machinery applications have been introduced by Johne and Reilhofer of Harpenden (05827 69987).

The units measure 86 x 86 x 39 mm. One is a basic eight channel signal conditioning network to produce standard analogue voltage outputs. The second is a pulse code modulator which takes each of the signal channels and converts the analogue voltage to a digital pulse stream.

The third unit is a transmission and power module which contains the battery power supply for all three units together with the sending unit which will send 10 or 12 bit binary words in time sequence in the form of a time division multiplexed PCM (pulse code modulated) signal.

The data would be sent (say, to an instrumentation tape recorder or a demodulator) either over cable or fibre optic link, radio transmitter or infrared link — suitable modules can be selected from the product range.



Neither power supply nor skilled operators are needed to operate this semi-automatic filling machine now being produced by Neumo-Alite of Newhaven, East Sussex (079 12 4301).

Designed to fill non-foaming liquids and semi-liquids into 250 ml to five litre containers, the machine is claimed to have an accuracy up to plus or minus 0.25 per cent and filling speeds of 33 units per minute.

The machine, which will handle products ranging from paints to fruit squashes, is operated by a hand lever and will stand on a bench.

Constructed from either mild or stainless steel, the machine accepts open top cans or screw top bottles which may be from 40 mm to 250 mm high and with orifice diameters ranging from 12 mm to 250 mm.

Sequence tickets for shops

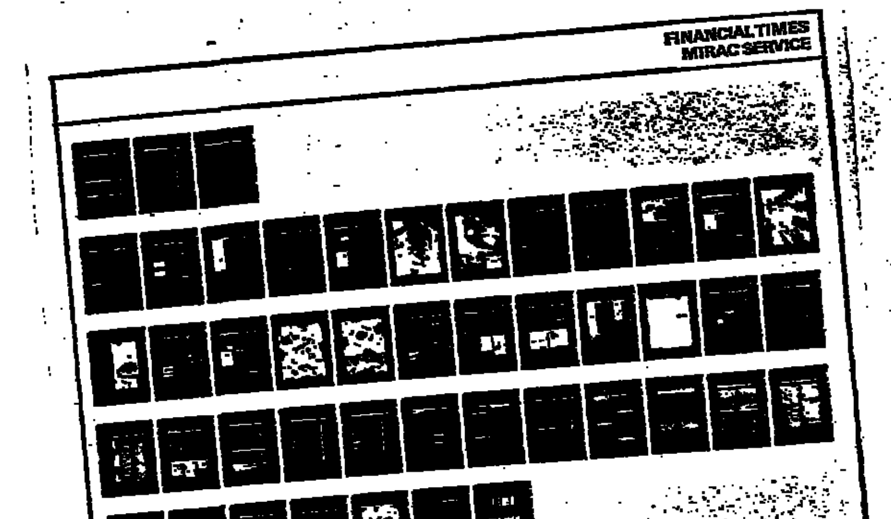
VOLUMATIC of Coventry (0203 84217) has introduced a ticket dispensing machine for use in shops and supermarkets.

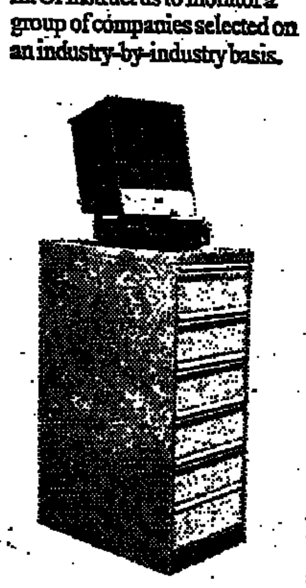
Known as Take-a-ticket, the unit supplies tickets in a numbered sequence to customers who would otherwise have had to queue to be served.

When it is a particular customer's turn, his or her number will appear on a "now serving" indicator which is under the control of the staff. An audible alarm also attracts the attention of the customers.

The basic system costs from £240 and Volumatic believes that it could have application not only in shops and stores but also in restaurants, employment offices and even in hospital out-patient departments—or anywhere people have to stand in line.

A positive advantage in retailing is that instead of queuing the customer becomes free to move round the displays and possibly make additional purchases.





FINANCIAL TIMES SURVEY

Thursday May 28 1981

MEXICO

As a leading world oil producer, with a stable political basis and a growing economy, Mexico is justifiably confident of its development. However, it has yet to establish its position in international affairs as a leader of Latin America and how it succeeds will be the responsibility of whoever is chosen to replace President Portillo in 1982.

Booming in wealth and in numbers

By Reginald Dale

HE IS in his 30s or early 40s. He is highly intelligent and speaks slangy, articulate English with a light American accent. He probably has a degree at an American university, but he knows Paris and London as well as he knows New York.

You will find him (never, of course, her) in a position of power almost anywhere in Mexico City — in a bank, a Ministry, a government adviser's office — and he is bubbling with self-confidence. He is quite sure that Mexico is on the way up in the world, just as he is sure that Europe, and particularly Britain, is on the way down. The point will almost certainly be made, politely, at some stage in any conversation with an English visitor.

He has some reason to feel bumptious. While much of the rest of the world struggles with recession, Mexico is booming. The problem is not how to generate wealth, but whether it may not be being created too fast — or perhaps too unevenly.

As the world's fourth biggest oil power, and the largest Spanish-speaking country, Mexico is aspiring to Latin American leadership. It feels increasingly able to assert its independence from its super-power neighbour, the U.S., whose overwhelming presence to the north has always exerted such a deep, and often bitter, impact on the Mexican psyche. (Mexico's compulsive need to assert its national independence is such that it has declined to join OPEC, the GATT and even the Movement of Non-aligned Nations).

At least by Latin American standards, the country is a model of tolerance, freedom of expression, and democratic political stability. The army stays in its barracks.

As told by one of Mexico City's brash young technocrats, the story all sounds too good to be true. And, of course, it is too good to be true.

Mexico may have the fastest growth-rate in Latin America (nudging 8 per cent for the past three years): it also has the world's largest slum, in which over 2m people live in squalor on the edge of the world's most polluted city. If present population trends continue, Mexico City will be the largest in the world by the year 2000, with 32m inhabitants, according to World Bank estimates. If present pollution and congestion trends continue, it will be a genuine contender for the title of "Hell on Earth."

For the 45 per cent of the population without regular jobs, the country's oil wealth has meant great hardship. The boom has lifted inflation to 30 per cent a year, and it shows little sign of slackening. The disparities of income between rich and poor are arguably the greatest in Latin America.

Defenders of the system will argue that the average Mexican has no idea of the extent to which he has really benefited from oil—through cheap energy and petrol, massive increases in public spending and subsidised food. But if he has no idea, it does not make him any happier.

Differences

The "two nations" that have existed in Mexico ever since the Spanish conquest are still there, and the distinction is tending to harden as the rich get richer. It is underlined by racial differences. Mexicans are proud of their multi-racial society. But the general rule of thumb is that, in practice, those of European origin are to be found at the top of the pile, those of Indian origin at the bottom.

Inevitably, there is speculation (though not much by Mexicans) that the country is going to be "another Iran." Mexicans have a tradition of violence and are rather proud of recounting how 1m people were killed in their 1910 revolution. Hundreds were probably killed in the 1968 student riots in Mexico City—the full truth is not known.

Fidel Castro, the Cuban leader, is said to believe that Mexico would have had its second revolution around 1976, had it not been for the Godsend of the oil bonanza. And there are others of a less revolutionary background who believe that President Lopez Portillo, who took office in 1976, only avoided serious trouble by going flat out for growth—albeit at the expense of inflation.

Today, to their immediate south the Mexicans have seen one government overthrown by left-wing rebels in Nicaragua and are now witnessing an attempted repetition in El Salvador. There are fears that neighbouring Guatemala may be the next in line. The Mexican Government supported the Sandinista rebels in Nicaragua, as it does, though less openly, the guerrillas in El Salvador.

Mexico, as a country which has "had" its revolution, feels itself under some obligation to support revolutionary movements in other Latin American countries. (It never recognised Franco's Spain and has amicable relations with Castro's Cuba). The theory is that Mexico need not fear another revolution because it is still in a state of permanent revolution —as witnessed by the name of the ruling party, the Institutionalised Revolutionary Party (PRI).

Nevertheless, any thinking Mexican must view the unrest in Central America with some unease. A controversial new book, now going the rounds in Mexico City, suggests that the country is once again in a pre-revolutionary state and accuses its rulers of nepotism and worse. It is called "Ultima Llamada" ("final appeal").

Of course, Mexico is not El Salvador. Nothing annoys most Mexicans more than to suggest there can be any comparison. The domino theory does not go down well in Mexico City, but unrest is exportable, and one is entitled to ask what makes most middle-class Mexicans think they are so safe.

The answer falls broadly into six parts.

● The presidential system: Mexican presidents are virtual kings for six years, but then they have to move on to allow for change and must not reappear on the political stage. There can be no Somoza-style dictators.

● The party structure: the PRI pervades Mexican life from top to bottom. It is intelligent enough to listen to what it hears from the grass roots and to pre-empt any Left-wing movement by taking its ground in advance. Potentially serious opponents are co-opted into the system.

● Patronage: most Mexicans would rather be offered a friend at the Ministry than listen to a Left-wing political oration. The concept of earning someone's loyalty by doing him a favour is basic to the system.

● Corruption: another pervasive Mexican institution which tends to distribute tax-free wealth much more widely than official statistics can ever show.

● The intelligentsia: middle-class Left-wing theorists are out of contact with the vast mass of the people. When the students rose in 1968, the rest of the country stood back and watched.

● Oil: the oil boom has, so far allowed the country to create the 700,000 to 800,000 jobs a year to meet the needs of its exploding population.

Safety valve

All these are valid points. One might also add that a major safety valve exists in the export of unemployment, often illegally, to the U.S. (It is one of the ironies of history that the Mexicans are now quietly re-populating the vast tracts of North America taken from them by the U.S. in the middle of the last century. Perhaps two can play at the concept of a people's "manifest destiny" to expand.)

No one yet knows who the successor to President Lopez Portillo will be or the direction in which he will lead Mexico. This successor's name will emerge, as the PRI candidate, in the autumn and he will be duly elected next year. He will inherit a dynamic, proud and bustling country that has been kept vigorously on the move by President Lopez Portillo. In doing so, President Lopez Portillo has perhaps generated expectations that will be difficult to fulfill.

Revolution, whether internally or externally inspired, does not look to be just around the corner, but the country will continue to need far-sighted economic and political leadership if it is to meet the needs of a population which is likely almost to double in the next 20 years. During that time the system is bound to be subjected to severe stresses and strains. So far, it has shown itself flexible enough to cope, and the young men at the ministry would be extremely angry were anyone to suggest that it will not continue to do so.

CONTENTS

Seven runners in the race for a successor

THE RACE is underway to find a successor to President Jose Lopez Portillo who although he is not leaving office until December 1982 will name his dauphin by the end of the year. Once *singled out, or "destapado," the* presidential candidate will automatically be adopted by the 52-year ruling institutional revolutionary party (P.R.I.) and win the elections in July 1982.

The P.R.I. takes its candidate to the furthest corners of Mexico, although the election result is a foregone conclusion. However, thanks to political reforms, more political parties will put forward their presidential candidates in 1982.

The peculiar way in which Mexican presidents are chosen has long been a mystery to both Mexicans and foreigners alike. Mexican presidents have absolute power for six years, but cannot stand for re-election. They play a decisive role in in choosing their successor, but then disappear from the limelight. The system of selection is comparable to that used by the Conservative Party in Britain before it changed to direct voting for a new leader: the *leader "emerges."*

While the incumbent president plays a decisive role in choosing his successor, he has to find someone who is acceptable to all the country *de facto* powers. Putting it in Papal terms, one veteran Mexican politician said: "There is no white smoke yet to signify who the successor will be. The conclave is still meeting to analyse *the credentials of the candidates."*

Just as there are no officially declared candidates when a new pope is chosen, so too the PRI does not put forward candidates. Furthermore, anyone who actively campaigns for the job is left out of the running. Campaigning goes on behind closed doors.

There are, however, seven "cardinals." According to a close aide of Sr Lopez Portillo, all of them are acceptable to the powers that be, unlike in 1976 when several of the candidates *were vetoed.* Sr Lopez Portillo himself was not the obvious candidate in 1976 and was considered very much to be the compromise choice.

The succession boils down to the following question: what kind of person does the Mexican political élite consider is necessary to keep the system together? This in turn begs the question: what type of problems *are envisaged in the next presidency?*

Lopez Portillo took over in 1976, when Mexico was undergoing a severe economic crisis and a loss of confidence caused by the devaluation of the peso. He replaced the populist Echeverria. Now Mexico is awash on a sea of oil and the private sector is purring with content. Many people believe that the next administration's problems will be more of a political nature and that the next president's credentials should include political, and not just economic, experience.

The seven "cardinals" are:

Jorge Diaz Serrano

Head of Pemex, the State oil corporation, he is aged 58 and is an immensely capable and energetic administrator who has presided over Mexico's re-emergence as a world oil power. However, he is often perceived as being too pro-American since he was a former business associate of George Bush, the U.S. Vice-President. He is also an oil expansionist and his nomination would appear to conflict with the professed policy of pursuing a more conservationist policy.

Miguel de la Madrid Huerta

Planning Minister, aged 46, he is a charismatic technocrat, widely liked by the Mexican private sector who assume that his nomination would give continuity to the pro-business policies of Lopez Portillo. He *was one of the minority of ministers in favour of Mexico joining* GATT last year. He is outward looking, and viewed as the favourite.

Pedro Ojeda Paullada

Labour Minister, aged 47, who has successfully kept the unions in line despite spiralling inflation. He would probably run a more pro-Labour government. He has the support of Fidel Velazquez, the veteran union leader and "kingmaker."

Javier Garcia Paniagua

Powerful nationalistic politician, aged 46, he has links with the military through his father, who was Defence Minister at the time of the 1968 student troubles. In the space of four years he has been Deputy Interior Minister, Agrarian Reform Minister and he is now President of the ruling Institutional Revolutionary Party (P.R.I.)

David Ibarra Munoz

Finance Minister, aged 51. He is another able technocrat with little political experience, but he has a mastery of Mexico's economic problems.

Enrique Olivares Santana

Interior Minister, aged 60, who knows the political system inside out, having risen right up the ladder of the PRI from local State Deputy to State Governor and PRI Secretary General. A wily pragmatist, who could *hold* the political system together if it was perceived to be in danger.

Jorge de la Vega Dominguez

Trade Minister, aged 5[illegible] who has both political and economic experience, having been a State Governor and director of Conasupo, the basic foods agency.

The President and his seven "cardinals;" from the left, President Lopez Portillo; Pedro Ojeda Paullada, Labour Minister; Jorge Diaz Serrano, Head of Pemex; Miguel de la Madrid Huerta, Planning Minister; Javier Garcia Paniagua, President of the P.R.I.: Jorge de la Vega Dominguez, Trade Minister; Enrique Olivares Santana, Interior Minister; David Ibarra Munoz, Finance Minister.

Establish ed system has to meet challenge of expanding economy

POLITICS

BY WILLIAM CHISLETT

THE STORY is told of a conversation between a Mexican and a Soviet diplomat in which the Russian said he thought that only three institutions in the world would survive intact to the year 2000: the Soviet Communist Party, the Papacy *and Mexico's ruling Institutional* Revolutionary Party, known as the PRI.

Under one name or another, the paradoxically named PRI has ruled Mexico since 1929 without the slightest opposition and most people expect it to continue to govern for another half a century.

The bracketing by the Soviet diplomat of the PRI and the Soviet Communist Party as lasting institutions may seem unfair. It is, however, telling since there are some resemblances between the political systems in both countries.

Both political systems are *highly centralised and in both* the President has absolute power. The gap between theory and practice is great, the two systems are all pervasive and patronage is very much part of them.

There are also fundamental differences. Whereas the Soviet Communist Party does *not tolerate opposition and* the party itself is monolithic, the PRI, with its labour, peasant and middle class sectors, is a very flexible hybrid, embracing people of Marxist ideology and conservative businessmen in an intensely nationalistic alliance which rules by consent.

Opposition

The PRI, too, encourages a semblance of opposition, inside and outside the party. Most importantly, every six years the President, who cannot stand for re-election, changes and a brush is swept through the administration to encourage political mobility and fresh ideas. The President is an absolute monarch for six years, but he cannot institutionalise himself and thus with change has come stability. Consequently, the Mexican political system is not a dictatorship but, as it has been called, a "one-party democracy," in which basic freedoms are generally respected.

Mexico's political elite now perceives that the system which has given Mexico an unprecedented period of stability, during which the country has developed into a predominantly urban and industrialised society, needs to be liberalised if it is not to become dangerously fossilised.

Thanks to its oil wealth, Mexico has now embarked on a long period of high and sustained economic growth. Mexican society is being transformed at a very fast pace, but the political consequences of such rapid change are uncertain.

Expectations for greater economic benefits, which Mexico's political system has *hitherto* managed to dampen down, are rising and the state no longer has its traditional argument—lack of funds—to postpone demands. Even if Mexico is successful in the Herculean task of diminishing social inequalties and distributing income more evenly will this necessarily enhance social stability?

Traditional barriers between the stratified society—peasants, indigenous groups, urban workers—are beginning to break down as the economy expands. Cities are swelling with the massive influx of peasants from the impoverished countryside. In order to meet these changed circumstances, a programme of political reform was initiated two years ago to give more channels for dissenting voices.

Old habits die hard, though. Widespread allegations are still made against the PRI, for election rigging and buying votes, the human rights record is not rosy as the Government claims (but it is good compared with most of the rest of Latin America) and the Executive, meaning the President, is still immensely powerful.

The 1980 Amnesty International report notes irregular detention procedures in Mexico, including prolonged periods of detention incommunicado, torture and "disappearances." The report makes the point that while Mexico has a "notable role in promoting instruments for the protection of human rights" abroad, at home there is concern over human rights.

Fresh life

However, a move has been made in the right direction. There are new political parties, including the Communists, and they are helping to breathe *fresh life into the Congress* which for years has been little more than a rubber stamp for the ritualistic airing of pro-government views. Congress is now a livelier body, and the Executive no longer finds it so easy to override it. Despite the fact that the PRI has retained its overwhelming majority, presidential bills are now not automatically approved.

As a result of the political changes, three new political parties took part in the 1979 congressional elections. The Communists and Socialist Workers on the left and, on the right, the Mexican Democratic Party. The size of the Congress was expanded to 400 deputies, 300 direct vote seats and another 100 on the basis of proportional representation.

In those elections, the PRI won 296 of the 300 direct vote seats. The remaining four went to the right wing National Action Party (PAN), an old opposition party which attracts some middle class protest votes.

The PAN was also awarded 38 of the 100 proportional seats. The Communists came third with 18 seats and the balance was distributed among four smaller parties like the Popular Socialist Party, long considered a stooge party fostered by the PRI.

To what extent will Mexico develop into a fully fledged democracy or is the political reform, as many observers suspect, simply a matter of giving a facelift to the existing "one party democracy" to ensure the continuation of the status quo?

A very important factor behind the political reform is to strengthen the PRI by giving the ruling party sharper competition. The PRI will have to be more responsive to popular needs.

For years the PRI has spoken in the name of the poor, but has done the bidding of the rich. In 1977 the richest 5 per cent received 25 per cent of the *national income and the poorest* 10 per cent received 1 per cent, according to leading Mexican sociologist Pablo Gonzalez Casanova. The gap has probably widened since then.

No scene better demonstrated the gulf between the PRI fine rhetoric and the harsh reality of contemporary Mexico than the celebrations last November to commemorate the 70th anniversary of the Mexican Revolution. On a large podium, inside the monument in Mexico City to the 1910 Revolution, during which an estimated 1m people died, sat members of the Government, the judiciary and Parliament, smartly dressed and beaming with contentment. Above them hung an enormous national flag and behind them a tapestry, woven in flowers and grass, carried the unwieldy slogan "We assume responsibility for the Mexican food system in order to correct substantial injustices and feed the people."

Outside the monument thousands of poor and hungry Mexicans listened with bemused expressions to the speech by the Planning Minister Sr. Miguel de la Madrid in which he said that the revolution was still on the move.

Given the profound social inequalities in Mexico and the breeding ground this can create for communism, the Mexican Communist Party has the potential to grow into a major opposition force. The Communists, however, only picked up 5 per cent of the vote in the 1979 elections, over half of which were students in Mexico City. The Party has little support in rural areas where the level of abstentions is very high.

Apathy

The increasing number of abstentions is something which deeply worries Mexico's political élite since it is a measure of the enormous degree of apathy and indifference which still exists towards the political system despite the fact that there is now more political freedom. In the 1979 elections the abstention rate was 52.7 per cent compared with 29.6 in 1976, when there were elections for a new President, and 40.5 in 1973.

The élite's nightmare is one in which the left gradually picks up more and more of the disenchanted segment of the electorate which abstains from voting, but this is not viewed as imminent.

The high level of abstentions underscores two factors. First, the growing gulf between the political bureaucracy and the great mass of people. Second, of the new political parties' lack of appeal, particularly the Left which, to its great surprise, did not pick up as many "captive" votes as it thought it would.

The Left likes to blame its lack of success on the PRI's unfair tactics and its octopus-like party structure which stretches down to the most isolated area when the PRI's interests are at stake. It is not as simple as this. The truth is that the Mexican Left is very sectarian. *Also* the poor, *mainly* Indian, sector of Mexican society views the Left with as much suspicion as it views the PRI. Several million Mexicans do not speak Spanish and they live in cut-off communities. Colonialism has left a legacy of resignation and dependence among these people.

A major problem for the political reform, indeed the central issue facing Mexico, is how to incorporate the large *marginado* (literally on the margin) sector of the population into the political and economic process.

The PRI may well go on ruling for the next 50 years, but if more and more people abstain from voting the PRI's legitimacy to govern will gradually be eroded. The PRI is thus likely to reshape itself between the left and right and galvanize itself into greater action. In the words of one shrewd observer, "Ideology sits lightly on the Mexican." It would be complacent to think that this will always be the case.

Village children in the State of Tabasco, South Mexico. In 1977, figures show that the richest 5 per cent of the Mexican population received 25 per cent of the national income, whereas the poorest 10 per cent received 1 per cent—increasing abstentions by this section of Mexican society are a worrying development for politicians

Arguments over new status with U.S.

FOREIGN TRADE

REGINALD DALE

AS IN so many other things, Mexico is overwhelmingly dependent on the U.S. for its foreign trade. And here again Mexico, buoyed by its new status as a major oil power, is trying to tell Washington that this does not mean that it can be bossed around.

In the last 18 months, Mexico has torn up its fishing treaty with the U.S. (opting to buy up its own tuna catch for home consumption) and declined to join the general agreements on tariffs and trade (GATT), despite the offer of generous entry terms that Mexico had itself negotiated.

There is no doubt that Washington was, and remains, fervently in favour of Mexican GATT membership—just as there can equally be no doubt that that was precisely one of the reasons why Mexico in the end chose not to join. A Mexican president does not want to appear to be jumping to the crack of a whip from Washington. It might have been easier for the Mexican advocates of GATT membership, and there are many, if Washington had opposed it.

The GATT issue is not just a technicality. Mexico does two-thirds of its foreign trade with the U.S. and wants to keep a free a hand as possible over the way it conducts that trade. Conversely, the U.S. wants Mexico to be bound by agreed international rules in exporting to the American market: Mexico is now the U.S's. third largest trading partner, after Canada and Japan, having recently overtaken the UK.

Without the reference point of GATT rules, a running argument is now developing over whether or not Mexico, as a non-GATT member, should enjoy some kind of privileged status on the American market. Mexico says that as a major provider of secure oil and gas supplies, as a developing country and as a neighbour, it qualifies for special "consideration." It has threatened that if it does not get it, it will take its custom elsewhere. It will switch imports of oil rigs and equipment away from the U.S. to countries like Norway and Britain, and buy its food from Canada, Argentina and New Zealand. Last year it spent $2bn on food imports from the U.S.

Ingratitude

Basically, Mexico is accusing the U.S. of ingratitude. The Mexicans see other countries clamouring for their oil, which are prepared to make a trade-off by offering in exchange, say in the case of Japan, increased investment in Mexico. The U.S., Mexican officials say, is the only country that is not willing to pay some kind of political or economic price for secure oil supplies from Mexico. Equally galling to Mexicans is the lack of recognition for their vast grain purchases from the U.S. last year—at a moment when Washington was desperately looking for new customers in the wake of the post-Afghanistan embargo on grain sales to the Soviet Union.

Gratitude, of course, has never been a major influence on the formation of a country's trade policy. It is muscles, not morals, that affect the outcome of international trade negotiations. So Mexico's threats to divert its trade from the U.S. will have to be realistic if they are to carry any weight in Washington—and the burden of proof is on Mexico.

Many trade experts are cynical about how quickly a deliberate trade switch could be operated. Mexico has long been attempting to diversify away from the U.S. market and it is simply not that easy. It is far quicker, for example, to move grain by land down from the U.S. than to try to ship large quantities into one of the country's already overloaded ports. Exporters to Mexico say that their main problem is physically getting goods into the country as a result of the transport log-jam.

In any case, Washington rejects Mexico's argument for special treatment. The Americans, wrongly in Mexican eyes, see their booming southern neighbour as a rapidly advancing developing country that should start assuming some of the obligations imposed on richer nations instead of continuing to benefit from the privileges accorded to the poorer. If anything, Washington intends to make life tougher for Mexican exporters rather than easier.

In the coming months, for example, Washington is planning to reduce the number of goods allowed into the U.S. duty-free from Mexico under the generalised preference scheme (GSP) just as it has already done for Brazil. A battle is already raging over Washington's decision to slap countervailing duties on Mexican leather goods exports on the grounds that they are subsidised—which they are.

As Mexico has not signed the latest GATT code on subsidies and countervailing duties, the U.S. does not need to prove that such imports have damaged American economic interests before putting on the duties. It would have to establish damage, which is difficult, if they came from a country that had put its name to the Tokyo Round code. The U.S. says the answer is simple: sign the code or phase out the subsidies—or preferably both.

Mexico says that the exports are not doing any harm, and that the U.S. could easily find a way round the legal requirement to impose countervailing duties. President Lopez Portillo seems certain to raise the issue at his June meeting with President Reagan.

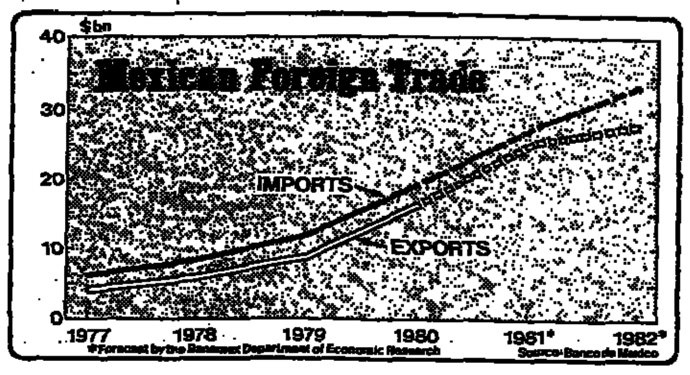
Exports

It is not just leather goods that are at stake. Theoretically, more than 1,800 other categories of Mexican exports could face a similar fate. Even if they were all hit, considerably less than 10 per cent of Mexico's exports to the U.S. would be affected, but these are just the kind of manufactured exports that Mexico is trying to promote in its efforts to reduce its dependence on oil as a source of foreign income.

At the moment, Mexico has precious little to sell abroad, apart from oil, silver and coffee—partly because booming demand at home snaps up anything that comes off the production line.

The Government's aim is to encourage longer production runs that produce a surplus of goods for export. It faces an uphill battle, largely because Mexican industry was built up with the protectionist aim of import-substitution. Mexican businessmen have little tradition of exporting, and with the economy growing at 8 per cent a year they can sell easily enough at home anyway. However with a $6.6bn current account deficit, and a $2.6bn trade deficit with the U.S., the Government thinks they ought to try harder.

Hence the tax incentives on exports. Mexico says they are a temporary measure designed to induce an export-oriented mentality. The U.S. says: "OK, then tell us when they are going to be removed." Mexico says: "We cannot commit ourselves until we are sure they have worked." Thus a classic confrontation is building up — with some Mexicans unsure whether national pride requires them to behave as a developed country or economic interests as a developing one.



UK IMPORTS OF SELECTED MEXICAN PRODUCTS (cif) ($'000)

	1978	1979	1980
Natural honey	3,463	2,739	1,968
Unroasted coffee	737	—	890
Molasses	—	—	2,093
Crude oil	—	—	28,101
Penicillin	—	652	—
Lemon essential oil	1,446	1,735	2,911
Synthetic fibres	2,369	3,179	2,019
Cotton menswear	—	—	653
Men's footwear	—	601	—
Unwrought silver	15,431	13,323	62,196
Registrating machines	—	—	740
Peripheral units for computers	—	844	—
Selected products	23,440	23,073	101,571
Total imports	41,593	36,336	111,636
Total UK Exports/Mexico	108,584	134,816	188,133
Mexican trade deficit	(66,991)	(98,480)	(76,497)

Source: HM Customs and Excise.

Dizzy growth brings its own problems

ECONOMY

REGINALD DALE

THERE ARE at least two views of the Mexican economy. One, which is usually not the Mexican view, is that it has been grossly mismanaged. The other, shared by most of the bright young technocrats in positions of authority in Mexico City, is that it is one of the world's great success stories. Of course there are problems, but they are being tackled. There are, in any case no viable alternative policies.

The critics argue that the country's dizzy economic growth rate will prove impossible to sustain in the medium term, that expectations are being aroused which cannot be fulfilled, that bottlenecks are creating serious distortions, that inflation is intolerably high and the peso over-valued.

There is something in what they say. Inflation, at around 30 per cent a year, is probably the country's biggest single economic problem. The deficit on current account reached $6.6bn last year and is likely to be much the same again this year. The country's public foreign debt now stands at a massive $34bn and is still heading upwards.

There is little doubt that the peso is over-valued, a point that even the Mexican authorities tacitly acknowledge. There seems to be a fairly clear intention of allowing it to depreciate by 8 to 10 per cent against the dollar during the course of calendar 1981. At-a-stroke devaluations are regarded as politically taboo in Mexico.

A decline in the value of the peso should help the country's tourist industry, which is beginning to show signs of suffering from the spiralling of Mexican prices compared with those in the U.S. — Mexican inflation is running at nearly 20 per cent above the American rate. How far it will help to boost the country's non-oil-manufactured exports (a major Government priority) is a moot point. The high growth rate and supply bottlenecks mean that almost anything produced in a Mexican factory is snapped up long before it reaches the export markets.

There are private bankers, however, who would argue that some of the supply problems might be relieved if investors had a clearer idea of where the exchange rate was going in the medium term. Investment they believe, is being held back, at least in some sectors.

As it is, it is often impossible to buy items ranging from scissors to air conditioning equipment, nor is it always easy to import them; an import permit may be required, or they may simply get stuck in one of the country's clogged transport arteries.

BASIC STATISTICS

Area	1,978.8m sq km
Population (1979)	68.2m
GDP (1979)	2,767bn pesos ($121.3bn)
GDP per capita (1979)	40,572 pesos ($1,779)
TRADE (1980)	
Exports	$15,345m
Imports	$19,475m
Exports to UK	£111.6m
Imports from UK	£188.1m
Inflation (1980)	26.4%
Foreign exchange reserves (September 1980)	$2,332m
Current balance (1980)	$6.6bn
Petroleum exports (1980)	$9,832.7m
Currency: $=23.92 pesos £=51.28 pesos	

The congestion, and pollution, of Mexico City, where half the country's industry is situated, is a major problem. Serious efforts are now being made to diversify industry away from the capital. However, so many different types of priority zones have been created that some economists maintain the meaning of the word "priority" has disappeared in the process. It is not only industrial diversification that is necessary. The country's agriculture, for long a problem area, is in need of (and now receiving) serious attention.

None of those problems, of course, is any secret to the country's economic planners, but the official plan remains to keep growth going at much the same pace—at least for the next 18 months. The exact growth rate is itself a matter of some dispute: last year's figure varies from 7.4 per cent to 8.2 per cent, depending on which Ministry version you prefer.

Precise decimal points apart, the economy has been booming at a rate nudging 8 per cent for the past three years, and Mexico's optimists believe it can stay there. They point out that the country is traditionally used to high growth rates. It grew regularly at 6 to 7 per cent in the years before the oil bonanza but only very occasionally will anyone in a government office admit that 6 to 7 per cent might still be enough now the oil is here.

There really is very little choice for the Government. The country's population is still growing at a staggering rate of nearly 3 per cent a year—down from a peak of 3.4 per cent—and by the year 2000 there may be 130m mouths to feed, almost double today's figure.

The Government would rather choose growth with high inflation any day against low inflation with higher unemployment. Indeed, it is hard, in the words of one private banker, to detect any visible sign of a real counter-inflationary policy. The most optimistic estimate for this year is another 25 per cent increase in consumer prices, although the majority of estimates put it again at about 30 per cent.

The oil, from which Pemex, the state oil corporation, is hoping to earn $20bn this year, has made it all possible, so far. One of the next major tasks will be to diversify out of hydrocarbons into more labour-intensive areas where the jobs of the future are to be found.

Meanwhile, the Central Bank is not too concerned about the scale of foreign borrowing, which it regards as "large but manageable." Like every other government department in Mexico City it is supremely confident about the future, not least because of the country's legendary political stability.

Inter-American Development Bank

Fishing trawlers for catching shrimps and sardines under construction at Mazatlan. Mexico has ended its fishing treaty with the U.S. as part of its new policy of trading independence

Playing host to the world's leaders

FOREIGN POLICY

REGINALD DALE

IN OCTOBER this year, Mexico will be staging one of the biggest ever international foreign policy spectaculars. More than 20 of the world's most powerful people, including President Reagan, possibly President Brezhnev, and the leaders of India, Britain, France, West Germany and perhaps China, will converge on the Mexican Carribbean resort of Cancun for what has been rather strangely dubbed in the trade "the mini-summit."

The aim is to discuss ways of relaunching the stalled "North-South dialogue" between the world's rich and poor nations, in the hope of accelerating the development of the poor "south" to the advantage of both sides. Nothing very much may be achieved, other than a joint determination to try harder in future. There has never been a gathering like it before, the past record in the field is not good, and the presence of the Soviet Union—if it finally decides to attend—is more likely to be a hindrance than a help.

In purely Mexican terms, however, the event will be highly symbolic. It will mark the climax of the six-year presidential term of President Lopez Portillo, who is expected to name his successor shortly after the "mini-summit," effectively bowing out of the international scene after a term of office marked by the country's continuing desire to establish its position as a leading and responsible member of the world community. Not only has the President himself travelled widely, but a whole bevy of world leaders, including the Pope and the King of Spain, have come to Mexico.

It is not that Mexico is bidding for the same role in the North-South dialogue that Yugoslavia, for example, enjoys in the Non-Aligned movement. Indeed, some senior Mexican officials are already irritated at having been drawn so far into the mini-summit venture, largely at the insistence of Austria, the other convening country. If there is another "follow-up" summit, it is most unlikely that it will be held in Mexico.

It will in any case be up to the next President, who takes office in December 1982, to define the country's foreign policy for the next six years, and he is still an unknown quantity. President Lopez Portillo has tended to steer the country away from the radical ideological involvement in Third World politics that was the characteristic of his predecessor, President Echeverria. President Lopez Portillo is an admirer more of the foreign policies of countries like Sweden and Austria than, say, Algeria or Libya.

Statesmanship

Like all Mexican presidents he wants his country to wield the influence in the world to which its size and strength entitles it. Statesmanship is part of the subtle blend of ingredients required in a Mexican presidential candidate. President Lopez Portillo has tended to see that influence best exerted through the country's role as a leader of Latin America rather than the spokesman of a Third World clique.

In agreeing to act as host to the mini-summit, Mexico is thus not so much taking a campaigning stance as indicating its belief in well-ordered international relationships. In Mexican eyes, détente and a "multi-polar" world are good, "bi-polar" tension between the superpowers bad. The country feels most free to act independently if it is not being forced into taking sides. If the chips were really down, Mexico would be forced to line up with the U.S., for reasons of geography, history and economic interdependence, but it does not want to be put in that position.

Relations with its powerful northern neighbour, and the desire not to be overwhelmed by it, are inevitably at the heart of Mexico's foreign policy. The personality and qualifications of a new American ambassador are probably assessed more thoroughly in Mexico than anywhere else in the world, and President Reagan's appointee, Mr. John Gavin, also a former movie actor, is currently going through the mill. After a bad initial Press, he is currently doing better ("I have 40 movies to show that I am not an actor" he told the Senate Foreign Relations Committee) and the Mexican Government seems prepared to judge him on his merits.

Mr. Gavin's arrival coincides with the emergence of three major new elements in the U.S.-Mexican relations. The first is an apparently genuine desire on Mr. Reagan's part to clear up what he has called "misconceptions and misunderstandings" between the two countries and generally improve relations.

The second is Mexico's booming oil wealth, which both makes it more important as a partner to the U.S. and increases Mexican ability to take an independent line. If there is one major priority in Mexico City at the moment, it is to preserve its independence over how the oil is used.

The third is unrest in Central America, first in Nicaragua, now in El Salvador, and possibly next in Guatemala. This again works both ways. It makes it more important for Washington to have a firm ally in Mexico, but in Mexico City it enhances the need for the country to play an independent role in Central America in the hope of securing stability in its own back yard.

As it is, the Mexican Government fundamentally disagrees with the U.S. over El Salvador. It believes the U.S. should pull out—military advisers, economic aid and all—and allow the situation to resolve itself without outside interference. "Gringos go home" in short. Mexico believes that American intelligence reports on El Salvador are dangerously mistaken and that Washington is underestimating the popular backing behind the Left-wing guerrillas trying to topple President Duarte's Christian Democrat junta. It rejects Washington's allegations of Cuban involvement as paranoia, and it is outraged by American suggestions that Mexico itself may be the next domino to fall.

Back pedalled

Ideally, Mexico would like to work with Venezuela to negotiate a settlement in El Salvador, but here, too, there are differences, with the Christian Democratic Venezuelan Government favouring Duarte against the Mexican-backed rebels. Mexico has recently back-pedalled, at least publicly, over its support for the rebels but the two countries' approaches still look irreconcilable as things stand.

Still, the Mexico-Venezuela partnership is a potentially fruitful one. The two countries, both major oil producers, have already combined to supply cut-price oil to their less fortunate Latin American partners. Oil, too, should ensure that Washington will pay more attention to what Mexico has to say in future. It can only benefit from doing so. Certainly the dialogue looks like being more intense than ever in the past.

In June President Reagan is due to have his second meeting with President Lopez Portillo, and the Cancun "mini-summit" may well be followed by a three-cornered North American summit in which the Canadian Prime Minister would also join. If that is to be a success, however, it must be made clear to the Mexicans that they are being treated as an equal partner, and not just a handy source of oil and gas supplies.

Severe neglect is a drain on new wealth

AGRICULTURE

BY WILLIAM CHISLETT

AGRICULTURE is Mexico's Achilles heel. While the industrial sector of the economy has grown by leaps and bounds over the past 20 years, agriculture has been grossly neglected and is now in a deepening crisis. Unless this situation is reversed, increasing amounts of the oil revenue will be swallowed up in just feeding the ballooning population and other urgent priorities—housing, schools, education—will suffer.

It is a sad comment on successive Mexican governments that the agricultural sector has been allowed to decline to the point where some 30m people now depend directly upon it, although they produce a mere 8 per cent of GDP.

Last year Mexico spent \$2.4bn on imports of agricultural products for human and animal consumption from the U.S.—double the 1979 figure, and 23 per cent of the oil sector's exports. The agricultural problem is exacerbated by the explosive population growth and the lack of arable land. There are some 2m new mouths to feed a year, but since the growth rate in agriculture has been lagging behind the 3 per cent birth rate there has been a yearly reduction in the per capita agricultural product.

The results of this reduction are there to be seen: rural misery and a massive migration to the cities. Juan Ruiz, aged 12, is a typical product of the impoverished countryside. One of 14 brothers and sisters, his family left the state of Guerrero for Mexico City. Juan and five other members of his family earn their living from raking through the giant, infested rubbish dump at Santa Cruz Meyehualgo. On a good day he can earn 100 pesos (\$4.3) from selling plastic and glass.

IDB

Cattle and farmers on an Ejido, or co-operative farm, in Tabasco. Ejidos, which were created after the 1910 Revolution, are themselves now a factor holding back agricultural development

The present government last year introduced a very ambitious agricultural plan known by its acronym as SAM to try to achieve self sufficiency and upgrade the very low nutritional foodstuffs of the population. Its main points are: to pour funds into rainfed areas, offer cheap credit, fertilisers and seeds, improve the network of distribution and increase guaranteed prices to stimulate production.

A controversial new law has also been introduced to encourage peasants, who run Ejidos, the myriad smallholdings owned by the state and worked on an individual or a co-operative basis, to link up with private farmers to make them more efficient units.

The law has touched one of Mexico's taboos, the Ejido system, which was created after the 1910 Mexican Revolution when large, private estates were broken up. It is the Ejidos that have held back agricultural development. Farmers who form associations on Ejidos and follow government programmes are now guaranteed a minimum net income equal to the average historical income.

Oil boom based on rich reserves

ENERGY

BY WILLIAM CHISLETT

THE EXTRAORDINARY speed at which Mexico has re-emerged as an oil producer of world importance is symbolised by the 56-storey building rapidly taking shape in front of the headquarters of Pemex, the country's state oil concern, in Mexico City.

A year ago there was a deep crater in front of Pemex's four 12-storey buildings. Now, a massive steel construction is emerging out of the ground like a volcano. The new building, a fitting palace for the planners of the country's wealth, will be four times higher than the cathedral in Mexico City and reportedly the largest building in Latin America.

There will probably be a helicopter pad on top so that Pemex's director general, the best known figure in Mexico after the President, can commute to work in a matter of minutes, and so that he can be whisked to the airport for his numerous trips abroad and around the country.

When Pemex built its headquarters 14 years ago, the Mexican oil industry had greatly declined from its heyday in the first quarter of the century—then Mexico was the second largest oil power after the U.S. The country's oil industry was dominated by foreign companies so that when the companies sought oil elsewhere and reduced their investment in Mexico, production dropped and Mexico became a net importer of crude oil.

In 1938, a date revered in Mexican history, Mexico became the first country in the world to nationalise its oil industry. But it was not until 1977, after 40 years of hard struggle in the face of a boycott of Pemex by foreign oil companies and lack of finance, that Mexico's oil star went on the ascendant again.

Mexico's oil production has tripled to 2.5m b/d in the last four and a half years. It is now the world's fourth largest oil power and the leading producer in Latin America, having overtaken Venezuela last year. The current production platform of 2.75m b/d will be reaghed later in the year.

Proven reserves of oil and natural gas, which Mexico calculates together unlike other major oil producers, have increased elevenfold to 67.8bn barrels, the world's fifth greatest, and sufficient to sustain current production for the next 60 years. Potential hydrocarbon reserves are 250bn barrels. The labour force has grown to 103,000, of whom 60,000 are on Pemex's payroll and the rest are temporarily hired.

Barrels

Mexico's hydrocarbon reserves break down into 73 per cent oil, 5 per cent gas liquids and 22 per cent dry gas. On this basis, Mexico has 49.4bn barrels of crude, ranking behind Saudi Arabia (165bn), Kuwait (64.5bn), the Soviet Union (63bn) and Iran (58bn).

However, 85 per cent of the country's surface has structures associated with hydrocarbon generation and only about 15 per cent of that area has been explored. The potential for expansion is enormous.

While OPEC's production fell by 12 per cent last year, according to the Petroleum Economist, mainly because of the Iran-Iraq war, Mexico, which is not a member of the oil cartel, increased its production by almost 20 per cent to a daily average of 1.93m barrels.

Last year Mexico exported an average of 827,750 b/d, 55 per cent more than in 1979. Earnings from oil exports rose 148 per cent to \$9.4bn. In addition, Mexico began exporting natural gas to the U.S. A total of 280.9m cu ft was exported worth \$447.8m, and \$486m of petrochemicals and refined products were also shipped abroad. Pemex's total exports of \$10.3bn represented 67 per cent of all visible exports, compared with 43 per cent in 1979.

Pemex's exports this year are estimated at \$18bn-\$20bn, about 80 per cent of Mexico's total exports.

The main factor behind the country's sudden re-emergence as a world oil power is the richness of its offshore oil zone in the Bay of Campeche in the southern corner of the Gulf of Mexico, which in the space of two years has grown to contribute half total production.

The Campeche zone, which came on stream in June, 1979, is acknowledged to be one of the world's richest offshore oil zones. The oil reservoirs form part of a basin which extends from the onshore Reforma fields in the states of Tabasco and Chiapas.

Pemex has not said what proportion of the total proven hydrocarbon reserves come from the Campeche fields, but an estimated 26bn barrels of the total 67.8bn are located offshore.

The Campeche phenomenon, however, has still not registered abroad. Foreign dignitaries visiting the area, find it difficult to take in the amazing statistics which Pemex officials love to reel off to impress visitors.

When Mr. David Howell, Britain's Energy Secretary, stood on one of the Campeche platforms last year, he got his interpreter to ask the same question about production twice just to make sure that he had not misunderstood the answer. A Pemex engineer, sporting a baseball hat, said the platform which they were standing on was producing 205,000 barrels from six wells, making an average of 34,000 barrels a well.

A dry oil well is virtually unheard of in Campeche. The silver lining of the blow-out at the Ixtoc exploration well in June, 1979, when Campeche oil came on stream, was the discovery of a major oil field with reserves of 800m barrels.

The major part of the structures at Campeche lie in water depths ranging from about 115-150 ft, which means that development of the fields can be carried out far more cheaply than the oil reservoirs being exploited in the North Sea.

Onshore and offshore, Mexico's success rate with its exploration wells is about one in three, far above the international average. Pemex drilled 842 exploration wells between 1972 and the end of last year, of which 235 resulted in commercially exploitable discoveries. This year Pemex will drill 83 exploratory wells and 735 development wells, compared with 85 and 349 respectively in 1980.

Problems

The hectic pace at which the Mexican oil industry is expanding is creating problems in several areas. These are shipping of exports, because port facilities have not expanded at the same speed as the oil has come on stream; the need to increase refining capacity; the flaring of natural gas; and problems with clients over the exporting of the heavier offshore Maya crude, which poses headaches for refiners.

The main crude oil export terminal is Pajaritos, on the Gulf of Mexico coast. The port is very congested and shipments are slow. There are regularly 20-30 ships waiting in a line at the mouth of the River Coatzacoalcos to enter Pajaritos.

The problem at Pajaritos is twofold. First, the tropical area is hit by "nortes"—winds of up to 60 mph, blowing from the north—and hurricanes which force the port to close for about 30 days a year. When this happens, a backlog of ships builds up in the Gulf of Mexico.

Second, given the limited storage capacity at Pajaritos, its closure usually results in a temporary shutdown of oil production, particularly offshore, even though the wells themselves are not always affected by the weather.

Pemex announced in January that \$576m of contracted oil exports were not delivered in the second half of 1980 because of bad weather and the lack of storage facilities. The company is building additional storage tanks at Pajaritos to increase the margin of operation of the oil wells and to raise the level of shipments from the port.

The export capacity at Pajaritos is about 1m b/d and it is supplemented by a stationary oil tanker in the Campeche area which has a capacity of about 200,000 b/d.

Construction is pressing ahead on another oil export terminal at Dos Bocas in the same area. Salina Cruz, on the Pacific coast, across the Isthmus of Tehuantepec from Fajaritos, will probably become the export terminal for Japan.

More and more natural gas is being produced as Mexico expands its oil production. Much of the gas comes in the form of associated gas produced with the crude oil. If there are no outlets for it, the only alternative is to flare the gas into the atmosphere.

This is a problem for all major oil producers, but in Mexico the flaring issue is more sensitive because of the oil industry's nationalistic background. At first it looked as if the country would have to flare a great deal of gas, which would have been a waste because it could not be used domestically or exported.

However, Pemex has been able to reduce flaring as a result of last year's agreement with the U.S. to export 300m cubic feet of gas a day, which was reached after months of acrimonious price discussions, and the successful drive to switch important fuels users from oil to gas.

If the flaring problem had not been solved, Pemex may have had no option but to apply the brake on oil production to avoid wasting large quantities of gas.

Mexico has a high ratio of gas to oil. In the onshore Reforma fields about 1,900 cu ft of gas are produced with each barrel of oil, very little of which is now flared. In the offshore Campeche area, the gas/oil ratio is much lower, about 425 cu ft per barrel, and all of this, about 400m-500m cu ft a day, is still being flared. Last year an average 3.5bn cu ft of gas was produced a day.

However, the offshore flaring will stop later this year when a gas pipeline from the fields to the shore is completed. The gas will then be incorporated into the domestic system. Mexico's network of gas pipelines is being rapidly increased. The aim is to double the network to 35,000 km by 1990.

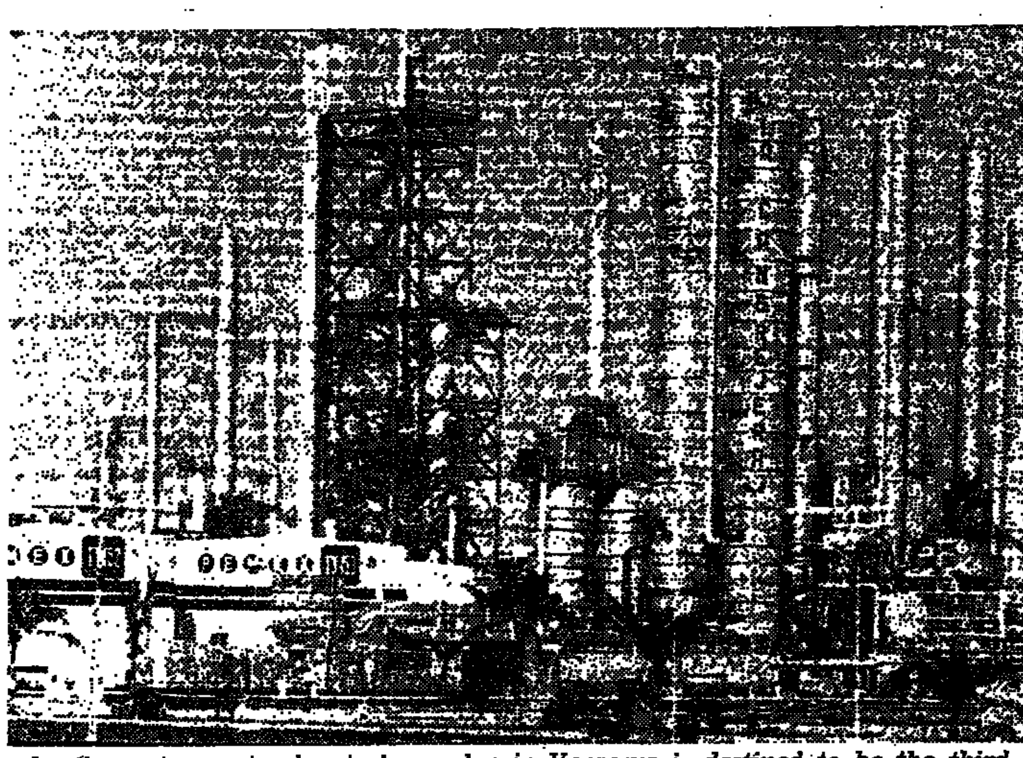
Stepped up

As far as increasing gas exports are concerned, the current thinking seems to be that they are unlikely to be stepped up unless gas prices are raised in the U.S.

Mexico believes that gas should be priced more in line with crude oil and until this happens Pemex is in no hurry to export more, in spite of the under use of the 774-mile 48 in diameter gas trunkline especially built for the gas exports from Cactus in the southern oil fields to San Fernando near Monterrey, the northern industrial centre. Originally, Mexico programmed to send 2bn cu ft a day through the giant pipeline, which was built for \$700m.

Meanwhile offshoots from the trunkline to bring gas to towns have been built and in the event of Mexico reaching a new agreement with the U.S. for further exports, compressors can be added to boost the capacity of the line.

Similarly, the policy on refined products is aimed more at satisfying the rapidly growing domestic market than boosting output for overseas markets.



La Cangrejera petrochemical complex in Veracruz is destined to be the third largest in the world and is expected to be fully operational by mid 1982. Over the past four and a half years Mexico's oil production has tripled to make it the world's fourth largest producer

MEXICO'S OIL CLIENTS (contracted amounts)

('000 b/d)

U.S.	748
Spain	220
Japan	100
France	100
Brazil	60
Canada	50
Sweden	50
Israel	45
India	30
Dominican Republic	14
Jamaica	13
Panama	12
Philippines	10
Costa Rica	7.5
Nicaragua	7.5
Guatemala	7.5
El Salvador	7
Yugoslavia	6
Honduras	6
Haiti	3.5
Total	1.49

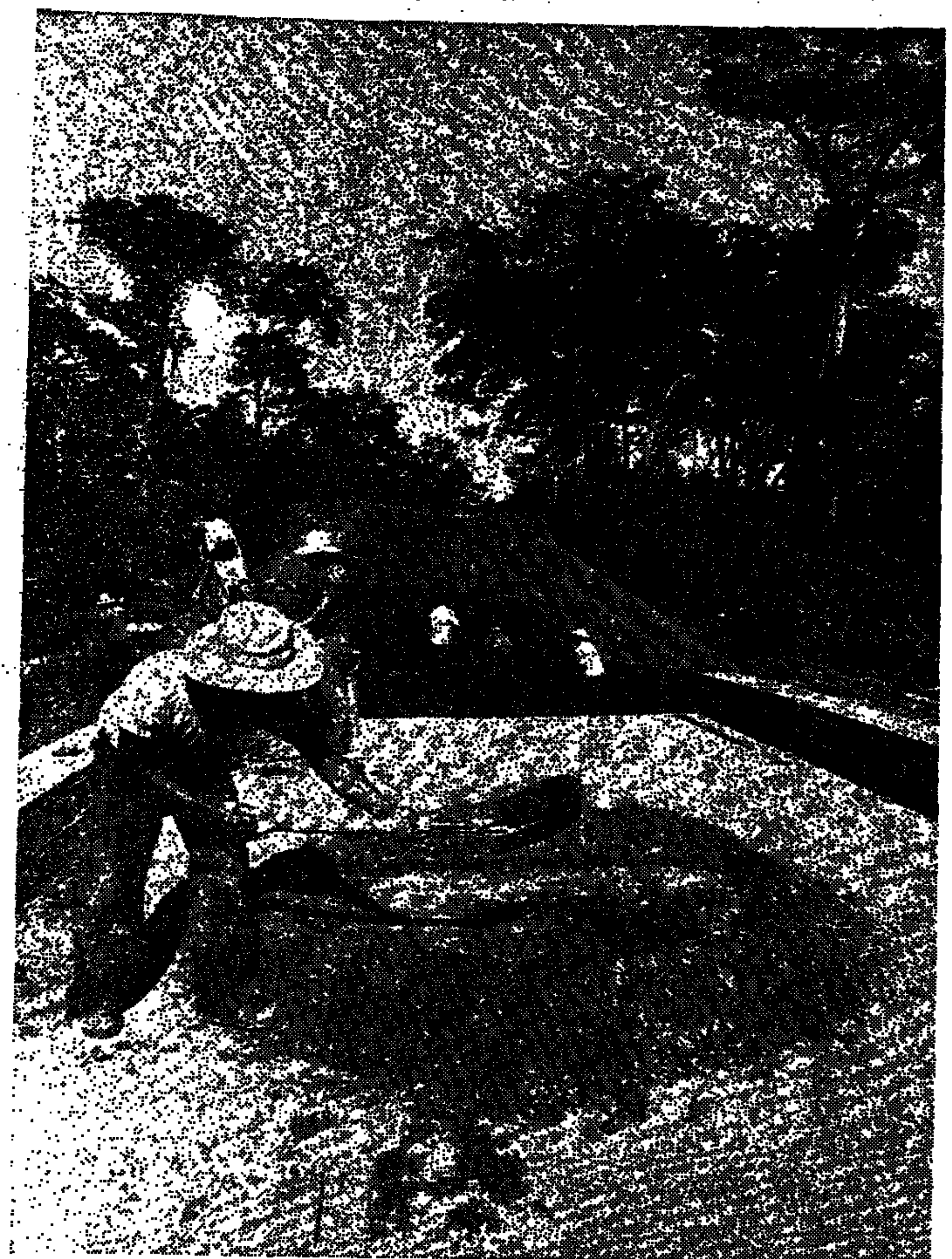
Source: Pe[illegible]

This is not to say that Mexico does not want to increase sales abroad of the more profitable value-added products. But given the greater degree of uncertainty in markets for refined products, compared with the more assured and stable markets for crude oil, and the high cost of refining programmes, Mexico is focusing more on the home market with a view to reducing imports.

Last year Mexico's refineries processed 1.1m b/d of crude oil and natural gas liquids compared with 964,806 b/d in 1[illegible]9. The refining capacity of 1[illegible]m b/d is to be raised to 1.6m b/d by 1982 and 2.3m b/d by 19[illegible].

Mexico's national energy plan, published last year, revealed that Pemex is technically capable of producing 5.5m b/d-[illegible] b/d by 1990. However, the plan laid great emphasis on pursuing a more conservationist policy, after the 2.75m b/d production platform is reached, to prolong the life of the hydrocarbon reserves and reduce the economy's dependence upon o[illegible]

Nevertheless, judging from Pemex's continued high capital expenditure—\$5.8bn in the first seven months of 1980 compared with \$8.6bn for the whole of 1979, mainly on drilling new exploration and development wells—it does not look as if a significant slowdown in production is planned. The new 56 storey building is amply justified.



Construction work on the Puente de los Amores bridge on the Mecayapan-Ocotal Grande road in Veracruz state. Out of Mexico's 18m workforce, 45 per cent do not have a permanent full-time job

Labour kings maintain the peace

TRADE UNIONS

BY WILLIAM CHISLETT

MEXICO'S trade union movement, largely allied to the Institutional Revolutionary Party (PRI) which has ruled the country for half a century, is a privileged elite. This goes a long way towards explaining why the labour scene in Mexico has been so remarkably peaceful under the present Government, in spite of a decline in real wages over the past four years in the inflationary oil boom.

In a country where about 45 per cent of the 18m workforce do not have a permanent full time job, and where the population growth rate of nearly 3 per cent means that some 700,000 jobs must be created each year just to stop unemployment rising, unionised workers are kings.

Inflation

The salaries of unionised workers have not kept pace with inflation, but they have fared far better than the millions of unemployed Mexicans who do not even receive the legal minimum wage on the rare occasions when there is some regular work.

Labour officials privately concede that up to 80 per cent of rural workers who should be receiving the minimum wage are not and 50 per cent in urban areas. Employers are easily able to ignore the law because of the tremendous demand for jobs which has created a market overwhelmingly in their favour. There is no unemployment insurance in Mexico.

Union members, on the other hand, have seen their wages increase every year in line with, if not by a greater amount than, the rise in the minimum wage. Skilled workers, in particular, are in great demand and can negotiate higher rises.

Labour leaders have come to use the minimum wage as a base for collective bargaining demands. In addition, fringe benefits have become more and more liberal. Unionised workers have paid holidays, additional obligatory holidays such as May Day, a Christmas bonus of 15 days' pay, profit-sharing, social security, housing benefits and employee services like transport to work.

The reasons for labour stability become clear when the position of unionised workers is contrasted with that of the great mass of the poor.

Millions of poor live in squalid conditions which have changed little over the centuries. They depend for their livelihood on such activities as blowing a trumpet in the street, cleaning shoes, selling chewing-gum or tilling a patch of parched land. Who is going to risk his job when there are so many ready to take it?

The Mexican labour force is more or less divided into two equal blocks — the great majority of the half that has full employment is unionised, particularly in the public sector; the other half is without work and therefore not organisable. It is in the interest of the fortunate half to maintain its position, and this it is doing.

There has been no significant increase in the number of strikes over the past few years, in spite of appearances to the contrary. Organised labour's coded slogans at the annual Government-organised May Day parade, always a barometer of union feelings, have become less and less strident.

There have been several well-publicised labour disputes, such as the 90-day strike last year at General Motors, the 82-day strike at Japan Airlines and, earlier this year, a six-week strike in the tyre industry. But overall the labour situation has been very calm compared with the number of strikes in industrialised countries, which, through Mexican eyes, seem to be in turmoil.

According to Government statistics, 2,976 formal strike notices were filed in the year to August 1980, but only 89, or 3 per cent, reached the strike stage.

Another important factor behind Mexico's stable labour record is that many jobs are being created as a result of the catalytic effect of the country's oil wealth. It is generally accepted that last year, for the first time, more jobs were created than the number of new entrants onto the labour market.

Employment was up by 5 per cent last year, according to the Bank of Mexico's annual report. At the same time, the report pointed out that the oil wealth has not yet started to filter through to the poorest sectors of society.

Unionised workers, unlike the less fortunate half of the labour force, have a strong political identity with the Government. In few non-Communist countries are relations between trade unions and the Government as close as they are in Mexico, where an almost incestuous relationship has grown up between the two sides since the 1910 Mexican revolution.

Organised labour is firmly linked to the ruling PRI which has three sectors, labour, peasant and popular (middle-class), and it plays an institutionalised role in government.

About 5m people belong to unions in Mexico, which amounts to 27 per cent of the total labour force. This is higher than in the U.S., where about 24 per cent of the workforce are union members.

At least 85 per cent of union members are affiliated to the Congreso del Trabajo (Labour Congress), the umbrella organisation for all the unions supporting the PRI.

Outside the PRI's grasp there are two kinds of "independent" unions—those few which are Left-wing backed and those centred in Monterrey, the northern industrial centre and bastion of the private sector, which are paternalistic and co-operate closely with employers.

The key figure in moulding the relations with the Government has been Sr. Fidel Velazquez, the veteran union leader, who, apart from a break of three years, has run the Confederation of Mexican Workers (CTM), the leading union confederation, since 1941.

Don Fidel, as he is known, who is 81 this year, has been the architect of Mexico's trade union movement. He is the only politician of stature who has survived successive Government changes in spite of the absolute power of Mexican Presidents, and seen his own power increased.

Don Fidel, like Mexican Presidents, who must be seen to be above the system and to be untainted by its corrupt practices, has an unblemished public image as a leader who has fought for workers' rights. Many of his lieutenants, however, have earned the disparaging nickname of "charros" (sell-outs) because they are seen to be more the agents of business and the Government than the representatives of workers interests.

Mexico's trade union movement has a strong internal cohesion in spite of this and it does not owe it to the kind of repression and corrupt practices which characterise movements in other Latin American countries.

While strong-arm methods are sometimes used to bring breakaway movements into line and there is connivance between union leaders and the Government and capitalists, workers have seen their interests advance.

The close ties between the great bulk of unions and the Government mean that the ruling party has no real problem in obtaining the support of organised labour.

President Jose Lopez Portillo started his term of office in 1977 after the 45 per cent devaluation of the peso the previous year, with a firm pact with Sr. Velazquez to hold down wages. In 1977, when inflation was 20 per cent, wages demands were held to 10 per cent. When Ford said it could afford to pay 15 per cent and did so, to avoid labour problems, the Government made it go back on its original agreement with the union for fear that it would set a precedent which the country could not afford.

Union leaders in turn have been well rewarded for keeping the rank and file in line. In the present congress there are 91 deputies out of a total of 400 from the PRI's labour sector and in the senate 11 out of 64 seats compared with 24 and eight respectively in the last parliament.

Monolithic

Few cracks have appeared in the essentially monolithic union movement. The Government's programme of political reform has enabled the Communist Party to come out into the open, but the Left still has little influence in unions, although it has made inroads into the mining, electricity and university unions.

However, the Government is aware that after four years in which real wages have declined, labour peace cannot be taken for granted.

It is thus significant that for the first time in recent years the average national increase in both the urban and rural minimum wage for 1981 is higher than the previous year's inflation.

The average urban increase of 30.8 per cent and 33.3 per cent for rural areas compare with the 1980 inflation rate of almost 30 per cent.

The move shows that the Government is attempting to compensate workers for their lost purchasing power and also to provide a slight shield against inflation in 1981.

AVERAGE MINIMUM URBAN WAGE IN MEXICO

Year	Average pesos a day	Annual variations %	Inflation %
1976 (January 1)	58.69	22	27.2
1976 (October 1)*	72.18	23	
1977	79.37	10	20.7
1978	90.55	14	16.2
1979	105.79	16.8	20
1980	124.53	17.7	29.8
1981	163	30.8	—

* Extraordinary extra increase made after the devaluation of the peso.

Source: National Minimum Wage Commission.

Rising cost of holidays a source of national pride

TOURISM

REGINALD DALE

MOST middle-class Mexicans nowadays have a horror story to tell about the cost of their latest winter break in Acapulco or weekend in Cancun. Behind the extravagant tales ("Do you realise I paid $80 for a double room and I was only with my wife?") there is often a thinly disguised pride in the country's growing prosperity. It is, in a sense, a measure of Mexico's international success that its jet-setting prices are now near the top of the world league table—and that Mexicans can afford to pay them. There is more than a whiff of machismo about some of the more disingenuous complaints.

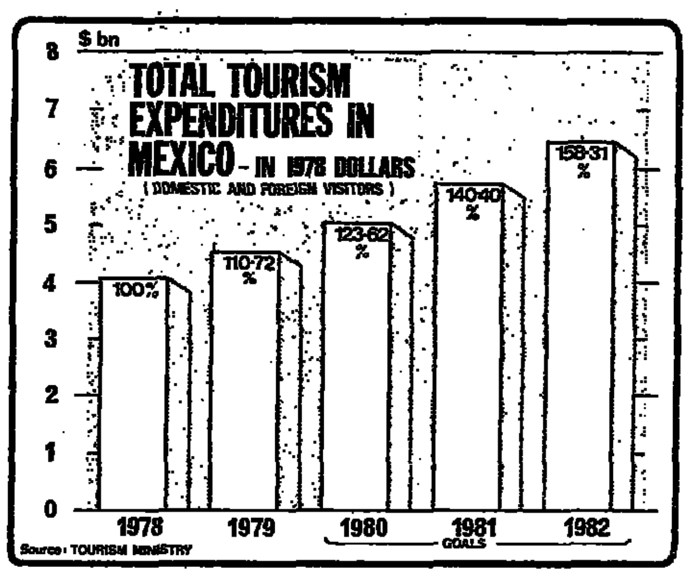
To be quite fair, there is often also a more serious fear that the country may be in danger of pricing itself out of international tourism—effectively, in Mexican terms, the North American market. The past 10 years have seen a steady increase in visitors from Europe and Latin America, but almost 90 per cent of Mexico's foreign tourists still come from the U.S. and Canada. With the spiralling cost of air fares again making the long transatlantic trip prohibitively expensive for most Europeans, Mexican travel operators are continuing to look to the U.S. for the bulk of their future business.

Yet last month saw the publication of two comparative cost-of-living studies that showed Mexico City to be as expensive as New York, or possibly even more. Rich Mexicans are voting with their air tickets and pouring into the U.S. for holidays and spending sprees.

Last year saw a massive 42 per cent rise in Mexican tourist spending abroad (predominantly the U.S.), bringing the total to over $1bn. With an increase of only 16 per cent in the inflow into Mexico (to $1.67bn) the country's traditionally positive tourist balance narrowed sharply by almost 10 per cent.

With Mexican inflation running at almost 20 per cent ahead of the U.S., and what is widely regarded as an overvalued peso against the dollar, some Mexicans fear that the balance could actually swing into an unthinkable deficit in the years ahead. That would not perhaps be so dramatic as it would have been a few years ago, before the country's oil exports started swelling the national exchequers with foreign exchange.

A tourist deficit would still be an unwanted luxury for a country that already has a mounting deficit on current account, massive foreign debts—and such enormous tourist potential.



Balance

Rosa Luz Alegrias, the glamorous and well connected Minister of Tourism, rejects any suggestion that the high rate of the peso is helping to tilt the balance against Mexico. If more Mexicans are going to the U.S., that simply reflects the country's growing wealth and purchasing power, she maintains. There is some truth in this.

Many Mexicans visit the U.S. to buy goods that are unavailable or more expensive at home. The Minister sees no reason why they should not be allowed to do so and has no intention of trying to stop them, or, as another expert puts it, it is not so much a problem of tourism as of inflation. Mexicans are still filling the holiday hotels in their own country, they are simply going to the U.S. more often to shop as well.

In any case, this argument runs, it is just not true that Mexico's hotels are more expensive than New York's, whatever may have happened to the overall cost of living in Mexico City. A Mexican delegate to a recent conference in New York went to the lengths of fishing out his hotel bills to prove the point—and there it was: $160 a night for his New York hotel, against perhaps $80 for the equivalent in Mexico City. 'What's more,' he added rather disarmingly, 'it didn't even matter if Mexico was expensive—so was Paris.'

Mexico City, whatever its charms, is not Paris. Indeed many of the more upmarket European tourists are now flying to areas like the Yucatan peninsula and back without ever visiting the polluted, congested capital, crammed with 14m inhabitants at an uncomfortable 7,200 ft. Nevertheless, Mexican hoteliers are still hoping for a good year—not perhaps as good as record-breaking 1980, but better than 1979, the previous best.

The big catchment areas in the U.S. for tourists to Mexico, Texas and California, have not been so badly hit by recession as most other parts of the country—indeed Texas is booming. Further, if high air fares are disuading Europeans from coming to America, they should also disuade Americans from flying to Europe and encourage them to look for a destination nearer home.

Meanwhile, vast areas of Mexico remain to be developed to attract the American tourist. The almost empty Baja California, a 970-mile long promontory jutting down into the Pacific to the south of the U.S. state of California, will be one of the great growth areas of the future. Mexicans like to point out that it is over 100 miles longer than Italy. Cancun, the fashionable resort in the Mexican Caribbean is as far from Tijuana in the north west as Madrid is from Moscow.

Cancun's development is a case in point. Ten years ago just 200 people lived there; now there are 45,000 full-time inhabitants, and the island has been chosen to play host to more than 20 world leaders who will gather there for the North-South summit in October.

Labour intensive

The Cancun phenomenon goes a long way towards explaining the importance Mexico attaches to developing its tourism. The industry is highly labour-intensive — Cancun's dramatic growth is the result of the construction of no more than 3,000 hotel rooms. The tourist industry is thought to be creating about 80,000 jobs a year, or more than 10 per cent of the 700,000 needed to meet the needs of the country's exploding population. The state provides a string of incentives for hotel construction, even if today's onerous interest rates do not always make it a very attractive proposition for the entrepreneur.

The Minister would like to see the development of "massive, social tourism."

Her latest idea is to try to persuade American trade unions to finance holidays for their members in Mexico to promote international understanding. The only potential snag is that the long-suffering American workers will probably be required to attend a string of discussion meetings and factory visits, without too much time over for lying on the beach drinking tequila cocktails.

Imagine trying it on the Costa Brava.

The bay at Acapulco; there are fears that spiralling inflation may be pricing Mexico out of the market for international tourism

LOMBARD

The moral evil of unemployment

BY ALAN PIKE

FORD MADOX BROWN'S splendid Victorian painting work is one of the more familiar features of the Pre-Raphaelite collection in Birmingham City Museum and Art Gallery.

Work, the painting, glorifies Work the deed. In case the allegorical intentions of the artist are not sufficiently conveyed by the presence on the canvas of Thomas Carlyle, originator of the Gospel of Work—"a man perfects himself by working"—the message is reinforced by Biblical quotations around the frame. "Neither did we eat any man's bread for nought; but wrought with labour and travail night and day" . . . "seest thou a man diligent in his business—he shall stand before kings."

Not wanted

In Birmingham Cathedral, a few hundred yards away from the art gallery where the city's version of Work (there is another in Manchester) is displayed, there is an exhibition on unemployment. This includes a quotation from Archbishop William Temple's Christianity and Social Order published in 1942, almost exactly 100 years after Carlyle expounded the Gospel of Work.

Writing of the new and horrible evil of unemployment, Temple says: "The worst effect of it, especially now that the community takes some care of its unemployed members, is not the physical want, but the moral disaster of not being wanted."

Last week the participants on the Liverpool-London March for Jobs reached Birmingham and attended a commemorative service in the cathedral. The link between Ford Madox Brown, Carlyle, Temple and the march was created for me by a conversation a few days earlier with a group of unemployed people in Birmingham.

One of the points which the group was most anxious to contest was the frequently-heard assertion that being unemployed is not so bad now as it was in the 1930s. In purely material terms, the thesis that the contemporary unemployed are "better off" does not easily lend itself to conclusive proof: a completely valid comparison would have to include the near-impossible task of evaluating the undoubted benefits of unemployment pay against the higher expectations and norms of the 1980s.

It was not, however, this aspect of the argument about which my companions were complaining. Their point was that nothing has happened between the 1930s and now to invalidate Temple's "moral disaster of not being wanted."

They must surely be right. Work, when we have it, does more than merely provide an income and occupy much of our time. It does more, even, than provide many of us with a sense of purpose and satisfaction. It locates us on a social map and does much to determine the way in which we regard each other.

How many of us have never introduced two strangers by giving first their names and then, as the second most important piece of information we can think of, their occupations? How many of us can claim to have no generalised images of poets or policemen based upon nothing more than our view of their work? The unemployed are deprived of more than their jobs: they are deprived of an essential part of their identity.

Natural

The Gospel of Work was most successfully inculcated into the consciousness of 19th-century England, and it is with us still. Work is not only part of our economic system, it part of our culture. It is regarded as natural to work. Yet, this month, the Manpower Services Commission has again warned that even an economic upturn will leave some areas and groups with severe unemployment problems.

If this proves so, we cannot *just hope that the deeply-bred* cultural orientation towards work will change by magic. We shall eventually have to consider whether alternative forms of work organisation, like earlier retirement and work-sharing, could be applied in economically efficient ways.

This may not be easy but the alternative, of changing nothing and accepting large numbers of permanently unemployed, is not only a possible threat to social stability—It is denying individuals something upon which far more than the economic aspects of their lives are built.

The injury of delayed payments

BUSINESS AND THE COURTS

BY JUSTINIAN

IT IS an unfortunate commonplace that a recalcitrant debtor who postpones indefinitely paying his due debts may do so with impunity, and even profitability. Also unfortunately the legal system condones, even if it does not actively connive at the situation.

Because the law generally will not award a judgment creditor interest on the judgment debt, it is a favourite ploy of some debtors to resist a claim from creditors and to rely on the law's delays. While a buyer of goods saves himself from *having to pay interest on his* debt, a seller who conducts his business on bank overdrafts will be compelled to pay his interest instead.

To add insult to injury, the value of money in these days of rapid inflation depreciates in real terms. If a debtor delays payment for even a short time "he is nothing more nor less than a cheat." That was the view of Lord Denning in a recent case that distinguished the powers of arbitrators, in a shipping case involving claims for demurrage, from those of the ordinary courts.

The issue in *Tehno-Impex v. Gebr. Van Weelde Scheepvaartkantoor B.V.** in the Court of Appeal was whether arbitrators in the City of London were at liberty to award interest on sums due and unpaid, and whether that included a power to award interest upon interest. The case arose out of the pile-up of ships off the port of Lagos in 1975, and the consequential liability to pay large sums of money for demurrage. Dutch shipowners agreed with Yugoslav charterers to carry 350,000 tonnes of cement in bags from Split on the Adriatic Sea to Lagos or Port Harcourt in Nigeria.

A number of shipments during 1975 and 1976 were envisaged, but only 12 voyages were performed; the rest were suspended. Disputes arose be*tween the parties about demur*rage in respect of the 12 voyages, and they were referred to arbitration. The arbitrator made an interim award in the course of which he made a point about his inability to award intest in respect of late demurrage payments.

The Yugoslav charterers had been very late in making payments of demurrage. The Dutch shipowners had kept a schedule for every vessel showing the amount due every 15 days as required by the charter—the date when payment was received and the days overdue. Sometimes payment was only a few weeks late, in others the delay was as much as six months.

The arbitrator awarded interest to the charterers on the sum of $30,000 which they had overpaid at 7½ per cent only from the date of payment (January 1, 1977) to the date of his award on August 13, 1979. But he awarded no interest to *the shipowners on the sums* which were paid late by the charterers during the period from 1975 to 1976 (before the arbitration was started).

The arbitrator, Mr. Clifford Clark, a very experienced maritime arbitrator, added: "I wish to make it clear that the rule, if it be the rule, that in the absence of a term in the contract to the contrary effect, a debtor can delay payment as long as he likes and can avoid liability for interest by paying the principal sum at any time, is one which does not accord with justice nor comercial common sense, especially in times of acute shortage of cash."

Such sympathy for the plight of creditors had been expressed when the rule was established by the House of Lords in 1893 in *London, Chatham and Dover Railway Company v. South Eastern Railway Company.*†

When Parliament intervened in 1934 in the Law Reforms (Miscellaneous Provisions) Act it provided that all courts of record should have a discretion, after trying a claim for debt (or damages) to award interest upon any sum for which judgment might be given. But it *specifically excluded any auth*ority to award the giving of interest upon interest, and it specifically said that the power of the ordinary courts to award interest should not apply to any debt "upon which interest is payable as of right whether by virtue of an agreement or otherwise."

The shipowners sought to get around the discredited rule in two ways. First, it was said that although an English arbitrator is bound to apply the substantive rules of English law he is not bound by what are, on analysis, only rules of practice, and that the common law rule, with regard to interest on sums due under contract, is no more than a rule of practice. *On that point the shipowners* failed, the arbitrator having no power to award interest in respect of late demurrage payments either at common law or under or by analogy with the 1934 Act. Lord Denning, not unexpectedly, dissented. He held that an arbitrator was not bound by the rules of practice in the courts.

The second point proved acceptable to one of the majority on the first point and so won the day for the shipowners. There has been a long-standing rule in the former High Court of Admiralty that interest will be awarded. If the case had been litigated in the Admiralty Court, the Administration of Justice Act 1956, it was claimed, would allow interest to be awarded in shipping cases. Accordingly an arbitrator would merely be adopting the rules of the Admiralty Court. On this point Lord Justice Oliver reluctantly dissented. The case is now consigned to the mercies of the House of Lords to see whether their Lordships, in accordance with their self-proclaimed power on rare occasions, will reverse one of their earlier decisions, a rare concession to the opponents of the doctrine of precedent.

Meanwhile the shipowners will be able to cite the powerful plea for reform made by the Law Commission in its Report on Interest in 1978. It proposes that Parliament should provide that interest should be payable on all contract debts, by which is meant liquidated sums due in contract, save where, or to the extent that the parties have otherwise agreed. The rate of interest should, however, be simple, rather than compound, and should be fixed by statutory instrument. The rate should be at least high enough to compensate the creditor for the income he might have derived from the short-term investment, but not so high as to indemnify him completely for the interest he would have had to pay on an unsecured short-term loan.

The rate would be reviewable and, if appropriate, varied in the light of market conditions. The date from which interest should run would be the date on which the contract debt fell due. It would not run in respect of any period subsequent to payment of the contract debt nor subsequent to judgment. But every court should have a discretion to award interest at the statutory rate on the whole or any part of any contract debt due at the commencement of proceedings between the date when the cause of action arose and the date of judgment.

Whether the House of Lords will effect a simple reversal of the rule or will think that the whole complex issue should be *resolved, not piecemeal* but extensively by Parliament, will remain to be seen. The response, sometimes tardy, of Parliament to law reform proposals may dictate the proclivity of the Law Lords to engage in judicial legislation.

** [1981] 2 WLR 821; † [1893] AC 429.*

Piggott still undecided on Derby

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, who rode Centurius in a gallop last week in which the Derby favourite Shergar's stable companion finished some four or five lengths ahead of Shafesbury, clearly believes he can find a mount better equipped to help him in his bid for yet another Derby record.

His lack of enthusiasm for Centurius, whose praises he was singing only a few weeks ago, has caused Stoute to snap up Edward Hide for Grundy's full brother.

The North's most experienced rider, who had never set eyes on Morston until he met the then maiden in the paddock before the 1973 Blue Ribbon, will be having his 20th Derby ride when he partners Centurius

Ian Balding commented over the weekend that he hoped Piggott would accept the ride on either Robellino or Glint of Gold because "both have first rate each way chances."

Although the Italian Derby *winner, Glint of Gold is now* preferred in the betting to his stable companion, it will not come as a shock if John Mathias decided to stick by Robellino.

However, it may be that Piggott is pinning his hopes on neither Robellino nor Glint of Gold. Instead he could be hoping to secure the ride on second favourite, Beldale Flutter.

That mount will, however, only become available if Vincent O'Brien decides to saddle the disqualified Irish Two Thousand Guineas winner, King's Lake.

At present O'Brien is undecided, for the stamina of King's Lake is in doubt. Ireland's champion trainer will make his decision over whether to go for the Derby or Royal Ascot's St James' Palace Stakes after his Nijinsky colt has had his final work-out.

If King's Lake does take his chance in the Derby, his sire, Nijinsky, who probably won the most competitive classic for the race since the year of Sea Bird II when beating Gyr in 1970, will be in a position to pull off a remarkable Epsom double. For he is represented in the Oaks by Leap Lively, the 7-4 favourite. In addition Bedford is expected to represent him in the Derby.

BRIGHTON

2.00—All Moss***
2.30—Busted Date
3.00—Marmagoa*
3.30—Karima**
4.00—Perma Fina
4.30—Pizarro

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA Last Perfs. Tonight 7.30 GOLDEN JUBILEE GALA. Tomor 7.30: ANNA KARENINA. Sat [illegible]

[illegible]

THEATRES

LYRIC. S. C. 01-437 3686. Evgs. 8.00. Wed. 3.00, Sat. 5.30 and 8.30. DINSDALE LANDEN. NICOLA PAGETT IN ALAN AYCKBOURN'S TAKING STEPS. Last 2 weeks. Must End June 6.

[illegible]

THEATRES

ST. MARTIN'S. CC. 836 1443. Evgs. 8.0 Tuesday 2.45. Saturday 5.0 and 8.0 Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year.

[illegible]

CINEMAS

[illegible]

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Chock-A-Block. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 am). 4.20 The Perils of Penelope Pitstop. 4.40 Heidi. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Are You Being Served?
8.30 Butterflies.
9.00 News.
9.25 The Chinese Detective.
10.15 Question Time.
11.18 News Headlines.
11.20 Kojak.

All Regions as BBC-1 except as follows:

Cymru/Wales — 11.25 am-1.15 pm and 2.15-3.55 Cricket. Holts Products Trophy Match: Glamorgan v. The Australians. 5.55 Wales Today. 6.20 Tom and Jerry. 6.30 Eisteddfod Yr Urdd. 6.50-7.20 Heddiw. 10.15 Eisteddfod Yr Urdd. 10.30 Kojak. 11.20 Question Time. 12.20 am News and Weather for Wales.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 11.20 Kojak. 12.10 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 3.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Mid-evening News.
7.10 Delia Smith's Cookery Course.
7.35 The Pursuit of Power. Robert McKenzie talks to The Rt. Hon. Roy Hattersley, MP.
8.15 Snowdon on Camera.
†9.00 Battlefront: "Attack!", starring Jack Palance.
10.45 Newsnight.

BBC-2 Scotland only: 11.25 am-12.30 pm and 2.30-4.15 Conference 81: coverage of the Scottish National Party Annual Conference from Aberdeen.

LONDON

9.30 am Job Hunt. 10.10 Patterns. 10.35 Young Ramsay. 11.25 Superstar Profile. 11.50 Cartoon Time. 12.00 Woofits. 12.10 pm Get Up And Go! 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.25 Golf: Dunlop Masters. 4.15 Aubrey. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 "They Came From Beyond Space," starring Robert Hutton.
8.00 Young At Heart.
8.30 TV Eye.
9.00 Funny Man.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What The Papers Say.
12.15 am Close: Sit Up And Listen with Lord March.

All IBA Regions as London except at the following times:—

ANGLIA

10.10 am Cartoon Time. 10.20 Laurel and Hardy. 10.40 Rocket Robin Hood. 11.00 Call It Macaroni. 11.25 Superstar Profile. 11.50 The Bubblies. 1.20 pm Anglia News. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Survival. 7.30 Benson. 10.30 Snooker. 11.30 240 Robert. 12.00 Paris By Night. 12.30 am A Hymn for Ascension.

ATV

10.10 am Canada: A Holiday in Pictures. 10.40 Doctor Woman. 11.00 Sesame Street. 1.20 pm ATV News. 4.20 Vicky the Viking. 4.45 Salvage—1. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 Here And Now, presented by Zia Mohyeddin. 11.00 ATV News. 11.05 Lou Grant.

BORDER

10.10 am Morning Cinema: "Africa—Texas Style." 1.20 pm Border News. 5.15 Mork and Mindy. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Lou Grant. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 6.35 Crossroads. 7.00 The Television Programme. 7.30 Mork and Mindy. 10.28 Channel Late News. 10.35 Paris By Night. 11.05 Police Surgeon. 11.35 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.10 Larry The Lamb in Toytown. 10.20 Bailey's Bird. 10.40 Patterns. 11.10 Tarzan. 11.55 Cartoon Time. 1.20 pm North News. 5.10 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 Top Club. 7.30 Father Dear Father. 10.30 Soap. 11.00 Thriller. 12.15 am North Headlines.

GRANADA

10.10 am The Last of the Stonsage Man. 10.55 Dick Tracy. 11.00 Sesame Street. 1.20 pm Granada Reports. †4.20 Movie Matinee: Arthur Askey and Richard Murdoch in "The Ghost Train." 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 7.30 Father Dear Father. 10.30 Celebration. 11.00 What The Papers Say. 11.20 Lifeline.

HTV

10.10 am Cartoons. †10.25 "Sea Fury," starring Stanley Baker, and Victor McLaglen. 1.20 pm HTV News. 2.00 Here Today. 4.20 Spiderman. 4.45 The Flying Kiwi. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 7.30 England, Their England. 10.28 HTV News. 10.35 Music In Camera. 11.05 Fireside Theatre.

HTV Cymru—As HTV West except: 12.00-12.10 pm Owain A'r Olion. 4.15 The Brendon Chase. 4.45 Ser. 5.15-5.20 Peer Gynt-Arabia. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Eisteddfod Genedlaethol Yr Urdd.

SCOTTISH

10.10 am Caring for History. †10.35 Feature Film: "Don't Take It To Heart." 1.20 pm News Headlines and Road Report. 1.30 Square One. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Mr and Mrs. 7.00 Take The High Road. 7.30 Leave It To Charlie. 10.30 Preview. 11.00 Scottish History. 11.20 Late Call. 11.25 Tenspeed and Brown Shoe.

SOUTHERN

10.10 am Babel Yemen. 10.45 The Beachcombers. 11.10 Untamed World. 11.35 Musical Special. 1.20 pm Southern News. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Three's Company. 10.35 People Rule! 11.05 The New Avengers.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 10.10 Morning Movie: "Our Man In Havana," starring Alec Guiness and Burl Ives. 11.50 Larry The Lamb. 1.20 pm North East News and Lookaround. 4.20 The Fantastic Four. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Benson. 10.30 North East News. 10.32 Soap. 11.00 Check It Out. 11.30 Double Top. 12.00 The Church in Lesotho.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 *Police Six. 7.00 Emmerdale Farm.* 7.30 England, Their England. 10.29 Ulster Weather. 10.30 A Degree Of Learning. 11.00 Bedtime. 11.30 Police Surgeon.

WESTWARD

10.10 am Between The Tides. †10.20 Feature Film: "Operation Amsterdam," starring Peter Finch. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 6.35 Crossroads. 7.00 The Television Programme. 7.30 Mork and Mindy. 10.32 Westward Late News. 10.35 Paris By Night. 11.05 Police Surgeon. 11.35 Faith for Life. 11.40 West Country Weather and Shipping Forecast.

YORKSHIRE

10.10 am Tandarra. 10.50 Cartoon Time. 11.00 Bailey's Bird. 11.30 Focus on Wildlife. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 4.20 Jason of Star Command. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Calendar Carousel—Scarborough Fair. 11.15 The Monte Carlo Show.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 7.00 Dave Lee Travis with "Wheels." 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 David Hamilton (S). 10.00 Jimmy Young Live from Tokyo (S). 12.00 John Dunn (S). 2.00 The Ed Stewart Show (S). 4.00 Steve Jones (S). 5.45 News and Sport. 6.00 David Symonds with Much More *Music (S). 8.00 Country Club with* Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 The News Huddlines. 10.30 Tribute to Jack Warner. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You And The Night And the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.00 Deakin Horn Trio (S). 11.10 Milwaukee Symphony Orchestra (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Scottish Chamber Orchestra (S). 3.50 Haydn String Quartets (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Talking About Music (S). 7.30 Radio Theatre 81 (S). 8.45 Alfred Brendel (S). 9.00 No Regards to Broadway. 9.48 Words. 9.45 BBC Singers at St John's, Smith Square (S). 11.00 News. 11.05-11.15 Nielsen (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Lord Arthur Savile's Crime. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Policing the 80s. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. 11.50 Enquire Within. 12.00 News. 12.02 pm You And Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather. Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Holy Communion on Ascension Day (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Karajan at Oxford: Berlin Philharmonic Orchestra from The Sheldonian Theatre, Oxford (S). 8.55 Gummell's Gardens. 9.15 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Musical Speech. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music On The Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 Join Radio 2.

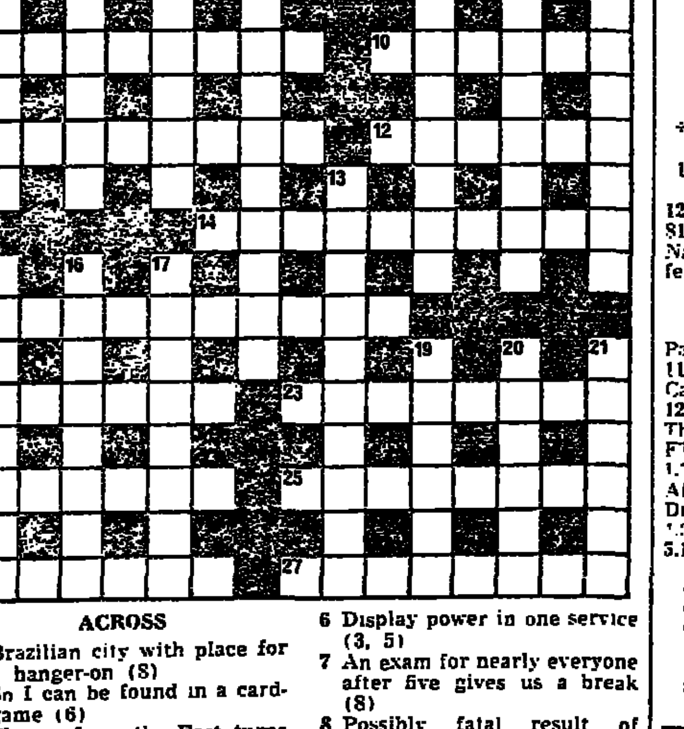
London Broadcasting

6.00 am AM—Douglas Moffitt and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 John Sachs's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4.579



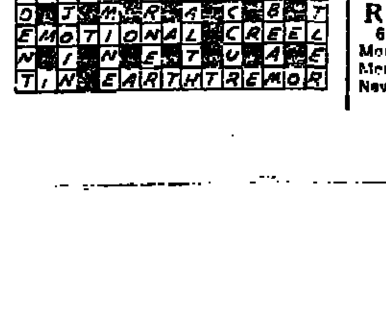
ACROSS

1 Brazilian city with place for a hanger-on (8)
5 So I can be found in a card-game (6)
9 Flower from the East turns up in the West Country (5, 3)
10 After a summons he appears to squirm (6)
11 Dean upset after a dry composition (8)
12 "Shall blow the ——— deed in every eye" (*Macbeth*) (6)
14 Excellent for the youngest pupils (5, 5)
18 Time chart I arranged in reckoning (10)
22 Town of the Mikado (6)
23 Chemical element for Athenian king in any surroundings (8)
24 This type is not on the level (6)
25 Tranquillisation dose anti confusion (8)
26 Growing danger to be grasped (6)
27 A street in Damascus—honestly (8)

DOWN

1 Examine the strange nobleman about us (6)
2 Wanderers ready to peg out (6)
3 Henry King's fatal diet (6)
4 Impost I'd put on the river for those one who plies for hire (4-6)
6 Display power in one service (3, 5)
7 An exam for nearly everyone after five gives us a break (8)
8 Possibly fatal result of ignoring the recipe (8)
13 Ming broken in approval of allotted task (10)
15 He got his shot in when feigning retreat (8)
16 Absent-minded characteristic with Pluto (8)
17 R.M.A. miss behind the counter (4-4)
19 The generalissimo with a girl—is it cricket? (6)
20 Listless result of little work in China (6)
21 "I am the ——— to this pale faint swan" (King John) (6)

Solution to Puzzle No. 4,578



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THE ARTS

New York Met

American Ballet

by CLEMENT CRISP

American Ballet Theatre, in its first season under the artistic direction of Mikhail Baryshnikov, looks rejuvenated: tighter, cleaner lines of the corps de ballet are like muscles freshly toned. Though the troupe is still headed by a heterogeneous assemblage of stars — Baryshnikov, Bissell, Bujones, Dowell, Godunov, Radojevic among the men are of very different backgrounds and styles—there is also a feeling that the company is more coherent in manner. This was especially noticeable in some recent performances of *La Bayadère*.

Looking at it after the passage of a year, I was struck again by the stature of the piece in Makarova's production. We can see why it has held such an honoured place in the history of the Leningrad Ballet; we can also see Makarova's wisdom in restoring the last act and thus providing the correct ending for the drama. (The Kirov, having abandoned the wedding scene, leaves Solor in an opium trance moping among the shades — morally and dramatically the action is unresolved, with Gamsatti and the Rajah unpunished for the murder of Nikiya, and Solor unredeemed). And in PierLuigi Samaritani's settings ABT has the most aptly and imaginatively designed 19th century classic in the West.

The Kirov still uses décors created at the turn of the century, and they are a thrilling assertion of the beauty possible with "literal" stage design at that time; Samaritani's manner is a homage to this same ideal, and the sets — painted in Italy — are a last flowering of the old, operatic design tradition. They make ABT's abysmal *Swan Lake* decoration seem even more deleterious to atmosphere and any possible credibility of the staging.

Bayadère, in addition to powerful central interpretations, demands an eloquent corps de ballet. In the Shades entry, the ABT corps was deservedly greeted with prolonged applause at each performance I saw recently, for the company here maintains an exceptional discipline and style-atmosphere. The solo trio of shades were adequate but hardly inspiring; but in the *pas d'action* which marks the betrothal of Solor and Gamsatti, soloists and corps were buoyantly good. The men soared high; beats and turns were clean; girls danced from a position of strength, rather than fighting to keep up with the choreography, while in the speciality number for the Gold Idol in the last act Johan Renvall gave a display of demi-caractère virtuosity I have rarely seen equalled, a cascade of pirouettes and aerial leaps with one leg tucked under him brought off at breath-taking speed.

But *Bayadère* is a 19th century grand spectacular, the last survivor of an exotic genre which includes Filippo Taglioni's *Le Dieu et la Bayadère* and Lucien Petipa's *Sacountala*, as well as operas like *Lakmé* and Rubinstein's *Feramors*, and it demands blazing performances to justify it. When it returned this season to the ABT repertory Martine van Hamel was the first Nikiya, with Cynthia Gregory as Gamsatti and Alexander Godunov as Solor. Miss Gregory, whose cinematic *femme-fatale* interpretation had a fine edge, matched by stunning bravura in the *grand pas d'action*, was playing with the right density of emotion.

Miss van Hamel was a milk-fed Nikiya, softly compliant, a decent girl who had been wronged, her dancing bland and nice when it should have rung with passion. Godunov, whose Bolshoy reputation was for unconventional dramatics and super-charged dancing, might have been in some other ballet. His rigid blond hair-style and expressionless features matched his interpretation; his dancing, though well-mannered and big in outline, made Solor just another damn-dull ballet hero.

At two later performances I saw Makarova as Nikiya, Magali Messac as Gamsatti and Patrick Bissell as Solor: and how very different the ballet appeared. Makarova, even when working with an injury, provided all the technical authority and emotional complexity that Nikiya must have. She drew us into her own imaginative world, and made us understand the historical and artistic implications of both the role and the ballet — there are resonances in her performance, insights, a profound seriousness of approach, that tell why Vazem, Pavlova, Spessivtseva, Dudinskaya loved this ballet. We have but to contrast her Nikiya, flickering over the stage like a flame as she rushes to try to stab Gamsatti, with the moonlit compassion of the Shade who forgives Solor, to understand the dramatic magnificence of role and interpreter.

In Patrick Bissell there is a Solor, part victim, part hero, of just the right obsessive power. He shows us a man slightly mad, with a feverish romantic impulsiveness that also touches his dancing — big, easy, a bit raw, but absolutely convincing, and to be preferred to Dowell's more stylish reading in matter of the emotional impetus behind the steps.

Magali Messac, latterly with the Hamburg Ballet, is a fine acquisition to ABT. She can sustain the drama of the celebrated dialogue with Nikiya, and elsewhere reveals a strong, unforced technique. The only drawback to the staging is the "special arrangement" of the score by John Lanchbery, with its gratuitous warblings and burbling.

Bayadère creates so true a theatrical image because it is entirely of one piece. It is Makarova's view of her Leningrad inheritance, produced with certain concessions to Western taste in matter of pacing the drama, but uncompromisingly the work of a single (and very remarkable) theatrical intelligence.

The *Swan Lake* which I saw was very other. David Blair staged it for ABT in 1966, producing a version based on the Sergueyev/Royal Ballet text. This season Baryshnikov has reworked what must have been an inevitably fatigued staging by the introduction of certain passages of choreography (the first act trio; the swan's evolutions) from the Kirov.

The result is unhappy. Productions are not best rebuilt piecemeal, and the spatch-cocking of such disparate manners has not made the ballet any more dramatic or lyrical or convincing. Baryshnikov has retained the horrible old décor and costumes; von Rothbart is now played as Franz Liszt impersonating Count Dracula (and wearing white gloves, which is a very quaint touch indeed); character and solo roles seem imprecise.

The heart sank at curtain-rise, and stayed obstinately sunk, save when Baryshnikov himself danced. Partnering a dutiful Cythia Harvey, his interpretation seemed both Siegfried and Sisyphus as he endeavoured to impel the dead weight of the staging in the general direction of emotional sense and lyric dignity (the ballet should have been renamed *Push comes to Swan Lake*). But when Baryshnikov danced — an exquisite moment interpolated into the first act waltz; a velvety solo at the end of the same act; a staggering series of tours de force in the Black Swan, which included whipped turns *à la grande seconde* and a vertiginous sequence of pirouettes to dazzle the eye — his physical passion gave the production an integrity that it manifested nowhere else. But even *his* dance genius could not redeem the whole.

Natalia Makavova

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‡ Call deposits £1,000 and over 9%.

§ Demand deposits 9½%.

‖ 21-day deposits over £1,000 10¼%.

Kris Kristofferson and Isabelle Huppert in Heaven's Gate

Cannes Film Festival

Heaven's Gate

by NIGEL ANDREWS

Midway through the 34th Cannes Film Festival the biggest *cause célèbre* of the movie year unveiled itself: Michael Cimino's *Heaven's Gate*. Shockwaves have already run through the film world after this legendary costly blockbuster, a $35m epic about the opening up of the West, opened in America this year only to be panned by the critics and shunned by the public alike. To add to the calamity, two days before the Cannes showing United Artists executives, who had bravely bankrolled the film through expanding schedule and spiralling costs (the original budget was $11m), announced the impending takeover of their company by MGM. UA's president, Norbert Auerbach, stressed that this was not wholly due to the Cimino debacle, although it's reasonable to suspect that it wasn't substantially un-due to it either.

Then came the Cannes premiere.

It is a lonely critic indeed who, at this stage in the film's history, takes up the cudgel on its behalf. But *Heaven's Gate* seems to me the nearest thing to a misunderstood masterpiece I have ever seen. Cimino's film is the American cinema's most ambitious state-of-the-nation address since Coppola's *Apocalypse Now* and, even before that, Cimino's own last film *The Deer Hunter*. And where the latter used a fiercely nonconformist vision of the Vietnam War as a flashlight on American society and the dream of American democracy, *Heaven's Gate* uses an equally controversial dramatisation of a bloody cattle-war in 1890s Wyoming. In an effort to close off the ranges, the Ranchers Association declared war on the farmers of Johnson County, using alleged authority from the State governor for their "death-list" of 125 men and their violation of the legal land-grant rights of their victims.

Cimino has turned this historical storm-in-a-cattlecup into a burnished panorama of the times and a stunning tragic cross-play of themes and personalities. Critics have rebelled against the film, and audiences perhaps, because even in its revised 2½ hour version (the first print, withdrawn after a catastrophic week's run in New York last year, lasted nearly four hours) the movie does not take short-cuts through its character development and the subtle evolution of its ideas.

A 15-minute prologue set in Harvard introduces two of the key characters in their student days: Kris Kristofferson, later to be the resistance leader in the farmers' struggle, and John Hurt, later to be a sour, Enobarbus-like equivocator on the other side. And the first two-thirds of the movie, out in Wyoming, patiently delineate Kristofferson's romance with brothel-running prostitute Isabelle Huppert and his rivalry for her love with the Ranchers' lead hit-man, pale and sallow Christopher Walken.

Meanwhile, as in *The Deer Hunter*, the ethnic melting-pot of middle America is drawn in majestic simmering detail as scenes of dancing, partying and multi-lingual politicking unfurl in the vast country meeting-hall, topped by a billowing Stars-and-Stripes and dubbed by the locals "Heaven's Gate."

Only in the final 40-odd minutes does the film move into top action gear as the showdown between farmers and Ranchers takes place; and amid mud and dust and carnage a battle is waged for a stake in America's freedom and in the future of her pluralist democratic dreams.

But throughout its length *Heaven's Gate* has the pulse of an epic, the vision and the density. Vilmos Szigmond's photography, pounding light into mist - and - smoke - wreathed browns and golds, catches a pioneering West where the dust of endeavour and hope never settles. And Cimino's own screenplay sketches character with such force and richness—Kristofferson's gravel-voiced blend of stoicism and compassion, Walken's vacillations between automaton ruthlessness and salving idealism—that even when the story fines down to the cross-play of two or three characters you believe you're seeing or sensing a whole nation in microcosm.

There's more to be said when *Heaven's Gate* comes to London, hopefully late this summer. For the moment, this dispatch from the latest front-line of the film's war-torn career urges you to ignore reports of a debacle—whoever and however many may be the messengers—and keep a mind and heart open for a stunning new movie revelation from a major director.

Sadler's Wells

Hansel and Gretel

by MAX LOPPERT

Sadler's Wells is not exactly an inviting or comfortable theatre, hardly a place to promote an atmosphere of its own; yet there is still no place like it for playing opera in London. The production of Humperdinck's glorious fable which the theatre itself is mounting this week proves the point. What a pleasure to attend an opera performance for which the size of the house and the size of the piece are in scale, where voices of only medium capacity don't have to force, where details of acting can be intimately perceived and musical points tellingly made without having to be writ large. If only visits to Sadler's Wells could become once again a regular feature of London operatic life!

Seeing and hearing *Hansel* in London, in a fully professional performance, has become a rarity. What a noble, beautiful work! Its direct inheritance from *Die Meistersinger*—whose rich and solemn contrapuntal proliferations, the fullness of instrumental texture proceeding from a ripely humane view of the world—could hardly be emphasised on Tuesday, by an orchestra that had been gathered for the occasion, brave but at times rough. But, except towards the close, when there were passages of rush in Havelock Nelson's mostly unexceptionable conducting, the special qualities of the music came through the cracks in ensemble, the flecks of the finish. One took renewed delight in the calm beauties of the invention.

And in the opera as a whole. The production by Tom Hawkes, in intelligent low-budget designs by Paul Hernon, has seen recent service in Northern Ireland. Apart from an excessive readiness to fit action to orchestral episodes properly left to the ear alone — the fear of boring the children in the audience is always a real one — this is a sensible, attractive, and at times touchingly effective *Hansel*. The episode of the angels, always the highest marking on the sugar thermometer, was painlessly passed; and, more important, the characters were freed of predictable ploys. The roles of Gertrude and Witch are doubled by Joan Clarkson, also Sandman and Dew Fairy by Patricia Cope; if the former sets up unwanted parallelisms (but are they unwanted — is the mother double act allows Miss Clarkson, not also a "baddie"?) whose bigbig voice is in robust trim, a rounded theatrical success, as a Witch funny but also faintly alarming and a mother of some pathos.

The father is Norman Welsby, on good form, sturdy and sure. The actors of the children have moved beyond the stage of adults - pretending - to - be - children, or (what is worse) adults - playing - at - being - china-dolls; in their company, we have fun and also realise the serious implications of their experience. Karen Shelby, a firm-toned young mezzo, is Hansel; Laureen Livingstone's Gretel is the pearl of the evening, with a voice sweeter and truer than remembered (she easily takes the top D) and a freshness of demeanour that perfumes the house. Performances every night until Saturday: this is a worthy *Hansel* for first-timers, and a happy renewal of ties for the work's old friends.

Lyttelton

The Caretaker

Kenneth Ives has re-directed his Pinter production with a cast of three outstanding black actors: Norman Beaton as the tramp Davies, Oscar James as Aston, and Troy Foster as Aston's brother, Mick. All three play crucial roles in the Caribbean *Measure For Measure*, still in the repertory, and all three do full justice to this play's rhythms, eccentricity and menace.

Davies's racism, directed against "all them aliens" and the blacks next door, is both funny and shocking, in the way that some West Indians' suspicion of Asians, or some Jews' antisemitism, rooted in a dislike of Orthodoxy, is funny and shocking. Beaton's Davies, in fact, is so comically disenfranchised and physically mottled that his own colour, and that of the neighbours, becomes irrelevant. This Davies, with his collapsing shoulders, pronounced limp, and imperious intonation, is a wonderful reading of the part, a close cousin of Fugard's Boesman with a double shuffle.

Equally good is Oscar James's slow-moving Aston. The long electric shock-treatment speech at the end of the second act becomes the centre of a slow burning, beautifully controlled interpretation. Troy Foster, angrily reluctant in the role of his brother's keeper, discharges the tale of his uncle's brother practising run-ups on the carpet around Christmastime with the raw aggression of somebody disconnected from a train of thought by somebody else actually listening.

MICHAEL COVENEY

Wigmore Hall

Henri Honegger

by DOMINIC GILL

The distinguished Swiss cellist Henri Honegger, a pupil of Alexanian, Casals and Feuermann, has made something of a speciality of the Bach solo suites: his performances of the complete cycle of six suites in two recitals have been noted and praised since the early 1950s, and his records of the set are still available on Telefunken. At either side of last week end, on Friday and Monday, he gave the Bach cycle again in London at the Wigmore Hall.

Honegger's way with Bach is exceptionally free: so much so, indeed, that his interpretation as often as not can be called "re-interpretation." He began the second of his two recitals with the D minor suite, substituting a whole new set of note-values for Bach's in the Prelude and treating the Allemende entirely in the manner of a free rhapsody. In the Courante it was virtually impossible to understand, by listening to any group of bars at a time, where the basic meter lay—or even whether the music was in duple or triple time. And Honegger's Gigue was capricious to the point of obscurity: all the lines of the music were thrown together, tumbled up, and robustly stirred.

There is no doubt that this sort of Bach playing makes a point of a kind, and is especially valuable as an antidote to the dry and desiccated model, which makes a Bach suite sound like a schoolbook exercise. But I prefer something of much sharper and clearer focus—we know by now, after all, from countless great cellists from Casals onwards that it is both desirable, and possible, to play the Bach suites in a way that is at once freely expressive and also powerfully incisive and strongly defined. Honegger continued to apply his re-interpretative patinas to the E flat and D major suites as liberally as before. Double-stopping intonation was often surprisingly insecure. After a while the process became tedious, because wholly predictable; worse, pairs of dances, and indeed whole groups of dances, began to sound the same. Behind a haze of good intentions, something is slipping gradually here, perhaps imperceptibly over the years, right off the track.

'The British Worker' photographic exhibition

Through more than 300 photographs by 60 photographers the Arts Council's touring exhibition, *The British Worker*, offers a portrait of working class life in Britain from 1839 to 1939. The exhibition has been selected, from collections and libraries throughout the country, by Colin Osman, editor of the magazine *Creative Camera*.

The British Worker not only includes pictures of men, women and children at work, it also refers to some of the grim facts of urbanisation, to the growth of the labour movement, to the rare hours of leisure and to the extent of the changes which took place during World War I and afterwards.

First venue for the touring exhibition is Sheffield (May 16-June 14), followed by Durham, Worcester, Stalybridge, Plymouth, Leeds, Billingham, Carlisle, Barnsley, the Camden Arts Centre in London and several venues in 1982.

IBM cultural sponsorship programme

International Business Machines has announced its cultural sponsorship programme for 1981, comprising support for 25 arts events.

The regional events this year feature support to the production of several Shakespeare plays: *King Lear* at the Bristol Old Vic, *Measure for Measure* at the Royal Exchange Theatre, Manchester, *Much Ado About Nothing* at Basingstoke and a further Shakespeare play (to be announced) at Stratford-upon-Avon.

In addition to the regional events, IBM sometimes supports a national arts organisation through sponsorship of a major event. A major sponsorship already announced is the co-sponsorship — with the Royal Opera House Trust — of the 1980-81 season of schools' matinees at Covent Garden and at the Palace Theatre, Manchester.

Another major 1981 event was the co-sponsorship — with Times Newspapers — of the 1980 European Museum of the Year Award, presented in March to the Cathrine Convent Museum of Utrecht.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1979							
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	98	109.2	164.3	1,498	159
3rd qtr.	102.9	93.2	84	108.9	170.3	1,699	120
4th qtr.	100.4	89.2	79	109.0	205.2	2,020	98
June	106.6	96.3	108	109.5	167.1	1,542	145
July	105.1	95.3	88	108.5	172.8	1,609	128
Aug	102.5	93.0	89	109.6	157.6	1,697	120
Sept	101.2	91.5	74	108.5	170.4	1,791	111
Oct	100.9	90.3	76	109.7	179.1	1,893	100
Nov	100.7	89.4	83	109.2	192.8	2,030	96
Dec	99.7	87.8	80	108.4	236.0	2,137	99
1981							
1st qtr.	98.7	87.3		112.7	174.4	2,304	100
Jan	98.3	87.2	88	114.0	177.6	2,228	104
Feb	99.1	87.9		112.9	170.1	2,304	98
March	98.7	86.9		111.5	175.4	2,381	97
April				112.5		2,446	95

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
4th qtr.	105.3	101.1	129.6	99.1	103.4	96.4	19.7
1980							
1st qtr.	104.5	101.0	123.5	98.9	56.4	92.2	13.3
2nd qtr.	98.1	96.2	123.2	93.1	93.9	85.6	15.2
3rd qtr.	97.0	95.0	117.1	91.2	78.1	82.5	12.5
4th qtr.	93.7	90.1	116.9	85.3	70.3	77.0	10.1
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	96.0	121.0	93.0	81.0	85.0	13.6
Aug	97.0	95.0	116.0	91.0	80.0	84.0	10.8
Sept	95.0	94.0	114.0	89.0	73.0	78.0	13.0
Oct	95.0	92.0	116.0	87.0	67.0	77.0	11.9
Nov	94.0	90.0	118.0	85.0	74.0	79.0	11.2
Dec	93.0	88.0	117.0	83.0	70.0	76.0	7.1
1981							
1st qtr.	93.2	84.4	117.2	80.8	75.4	77.4	10.6
Jan	93.0	86.0	115.0	82.0	69.0	77.0	10.1
Feb	94.0	84.0	118.0	81.0	78.0	73.0	10.9
March	93.0	83.0	118.0	80.0	79.0	77.0	10.6

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
4th qtr.	129.8	132.6	−775	−579	−152	103.5	22.54
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug	123.8	120.5	− 29	+ 72	+ 23	106.0	28.29
Sept	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct	124.5	106.3	+506	+711	+133	105.3	28.03
Nov	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
Jan	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
4th qtr.	14.4	15.6	22.6	+2,977	839	1,959	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,325	1,090	1,933	16
4th qtr.	8.8	20.0	11.2	+3,207	1,253	1,790	14
June	− 4.9	13.7	28.8	+1,508	206	675	17
July	9.5	36.5	50.8	+3,792	340	663	16
Aug	11.2	40.8	46.4	+1,578	307	613	16
Sept	17.5	39.5	38.7	+ 955	443	657	16
Oct	4.3	21.4	19.3	+1,338	520	629	16
Nov	6.7	18.6	7.7	+ 964	285	558	14
Dec	15.6	20.0	7.0	+ 905	448	603	14
1981							
1st qtr.	7.0	9.5	12.4	+1,596	1,081	1,878	12
Jan	5.9	11.9	10.1	+ 420	446	618	14
Feb	13.7	8.6	12.9	+ 201	366	636	14
March	16.4	8.1	14.3	+ 975	269	624	12
April	25.5	13.9	3.9	+1,864	296		12

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	88.5
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
June	183.7	201.1	201.0	265.7	275.9	267.45	94.5
July	185.1	201.7	202.7	267.9	259.9	273.57	95.6
Aug	186.5	201.8	203.5	268.5	259.0	275.38	96.8
Sept	193.6	202.1	204.6	270.2	259.0	276.44	97.6
Oct	189.9	201.4	205.3	271.9	259.3	274.65	99.2
Nov	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.		213.8	212.2	280.4	268.7	257.79	101.2
Jan	193.3	209.7	209.9	277.3	266.7	251.88	102.0
Feb	194.7	214.0	212.0	279.8	268.9	259.93	102.5
March	197.7	217.7	214.8	284.0	270.6	261.56	99.7
April		221.0	217.8	292.2	274.2	258.61	99.2

* Not seasonally adjusted.

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Opec and the North Sea

THE GREATEST irony of this week's Opec meeting in Geneva is that it is the oil consumers' friend, Saudi Arabia, which is trying to teach Opec the rules of oligopolistic behaviour. Meanwhile, the militant price-leaders of North Africa, which appear to have unlimited faith in the cartel's ability to sustain arbitrarily high prices, are helping to confirm the predictions of market economists who have been arguing for years that, like other cartels, Opec will eventually crumble under the pressure of market forces and national self-interest.

If Saudi Arabia had had its way in Geneva the Opec price structure would have been consolidated around a marker price of $34 a barrel, the world oil surplus could have disappeared quite rapidly as a result of cutbacks in Saudi production and consumers would have been faced with the prospect of steadily rising oil prices. Instead they can now look forward to a period of stability, or even decline, in oil prices (from an average Opec level of about $35 at present); a glut in the spot market; substantial discounting from official prices and the distinct possibility of official reductions induced by market forces, rather than Opec collusion.

Dilemma

The disunity in Opec may be good news in the short term for oil consumers, but it presents the British Government with a dilemma. If Britain believes that the Saudis are right to oppose the efforts of the Africans to maintain their present premium prices (of up to $41 a barrel), should it not take the lead by bringing down the price of North Sea crude, whose official price of $39.25 is at present linked to that of the most hawkish Opec producers, Libya, Algeria and Nigeria.

The Government would be very reluctant to embark on such an exercise in cartel-bashing for the obvious reason that each dollar of price reduction costs the Treasury well over £200m in lost royalties and taxes. But there are other, stronger, reasons for continuing in the traditional role of price follower, rather than price leader, which should be more acceptable to Britain's oil-consuming allies.

Although Britain is now possibly the world's largest producer of high-quality light crude — Britain's production of 1.8m barrels a day is similar to Nigeria's and compares with 1.6m b/d from Libya and 900,000 b/d from Algeria, before the latest OPEC production cuts — it is questionable where a pricing move by Britain would have any effect on other countries.

The reason is simply that Britain is already producing at full capacity. A cut in British prices would not divert customers from Libya or Nigeria, because Britain could not make any more oil available to them at any price. Agreement on output levels, not pricing strategy, is what holds a cartel together, as the Opec meeting in Geneva clearly shows. And in the short run, Britain has no freedom of manoeuvre on output, however much it may cut its prices.

In the longer run, of course, output from the North Sea cannot be regarded as given. But from this perspective, high prices, rather than low ones, are more likely to weaken Opec's stranglehold on the world economy, by encouraging the North Sea's rapid development. The argument for maintaining high oil prices for non-Opec producers at times when Opec is showing disunity is the same as the argument for keeping energy taxes rising in consuming nations in order to encourage conservation.

Competition

Both types of policies are desirable not only because they make the world less dependent on Opec, but also because they thereby make it harder for Opec as a cartel to stick together. For as the amount of oil which the world needs to buy from Opec declines, Opec producers have to accept lower levels of output if they are to avoid competing with one another for customers. Substitution for oil, the development of non-Opec sources and energy conservation will have to go much further before Opec finally loses its ability to set oil prices. But the Saudis realise that it is in the long-term interests of the Opec cartel to impose a common pricing and production strategy now, while Opec has the power to do so.

Paris, Bonn and the Community

RELATIONS between Paris and Bonn have come off to a better start since the election of President Francois Mitterrand than was foreseen by the prophets of doom.

Herr Helmut Schmidt, the German Chancellor, told the Bundestag after his brief visit to Paris at the weekend that established partnerships do not suffer as a result of "perfectly normal changes of heads of state or government."

M Mitterrand has publicly referred to a special relationship established between the two countries: Herr Schmidt had been welcome and would continue to be so.

Tactics

It would be an error to read too much into these words. In a sense, Herr Schmidt was condemned to succeed. He has a sound appreciation of the realities of power, and knows that he will have to get on with the new man as best he can. More important, M Mitterrand is preparing for parliamentary elections next month which will decide whether in spite of all his presidential powers he becomes the prisoner of the Communists. His tactics so far have been the tactics of moderation: he has taken a social democratic position, rather than one of a pronounced left wing socialism.

In practical terms that has become manifest in the determination to defend the exchange rate of the franc within the European Monetary System. That determination, if maintained, implies equally a determination to keep inflation under control.

It is there that a community of interests between him and Herr Schmidt has already taken shape. Bonn can have no interest in seeing the French dropping out of the European Monetary System which, without them, would be in danger of becoming little more than a Deutsche Mark block.

A community of interests was also found on the question of interest levels, more specifically a joint disapproval of the readiness of the U.S. Administration to allow American rates to remain both high and volatile at a time when the U.S. dollar is strong. The pull of these interest rates is dangerous to both the Deutsche Mark and the franc at a time when France and West Germany are running heavy current account deficits.

M Mitterrand and Herr Schmidt also seem to have found some common ground in approving Nato's so-called dual track policy of intending to deploy new intermediate range nuclear missiles in Europe while also trying to arrive at a control over these weapons in talks with Moscow.

None of this takes into account the intangible influence of personal and ideological factors. Herr Schmidt and M Mitterrand are not each other's kind of socialist, or even social democrat. The Chancellor is first and foremost a pragmatic practitioner of government: M Mitterrand is a man of ideas.

The fact remains that the national interests of neither country have suddenly been transformed by the election. French Presidents since General De Gaulle and German Chancellors since Dr Adenauer have nurtured their special relationship almost without exception as being in the national interest. In so doing they have made it the main axis of power within the European Community.

One important departure did occur in the early 1970s, when President Pompidou, fearing that the Germans were becoming economically too powerful, lifted the French veto on British membership in the Common Market. With the addition of a third relatively major power the scope for manoeuvre in EEC counsels should have been enlarged. It could be argued that Britain did not take the opportunity then offered.

Opportunity

It may now recur as a result of the change in Paris, especially if the elections to the French National Assembly give M Mitterrand freedom of action. A pointer in that direction was given by the President himself when he said that the Franco-German relationship was not an exclusive one.

But it is an opportunity that will have to be seized. The prize could be a more flexible Community, something essential if the threatened crisis of the EEC budget is to be averted —and the manifest crisis of the farm policy resolved. Britain and Germany, as net contributors to EEC funds have a certain community of interests here. But France, whoever rules it, can ill afford to forgo the support its external payments derive from the money its farmers receive from the EEC farm fund. High diplomatic skills will be called for.

ECONOMIC VIEWPOINT

U.S. clues for all of us

By Samuel Brittan

THAT excellent institution, the Federal Reserve Bank of St. Louis, has just published its 20-page booklet of Annual U.S. Economic Data in which "growth triangles" are presented for monetary and business indicators for every year between 1961 and 1980.

A growth triangle is simply an arrangement of rows and columns which enables the user to read off average rates of change between any pair of years he chooses. He can look at annual changes, or take moving averages, look at the period as a whole, or divide it into blocks. In each case he will be dealing with comparable annualised rates of change.

Such growth triangles are now published every year in the UK by the Central Statistical Office, but over a much smaller range of data. The St. Louis indicators cover almost every possible definition of money, inflation, and real and nominal business activity. It is an illustration of the gulf which divides the "monetarist" analyst from the conventional market commentator—or the Herr Helmut Schmidt from the Reagan Administration—that interest rates do not even appear in the series. (Admittedly these would be difficult to present in growth triangle form, but St. Louis' ingenuity should be able to find a way round it.)

There is no end to the number of games which one can play with the series; and any article based on them has to be very selective. I have used them to look at the relation between money and prices. This should help in the end to explain the problems and prospects for U.S. monetary policy and the so-called international interest rate war. "So-called" because it has never been declared by the U.S., although European countries are insisting they are under attack.

The background to the charts is a distinction between the quantity theory of money in its broadest sense and "technical monetarism." The quantity theory states that a rise in the quantity of money in relation to the demand for it leads to inflation and in the not so long run to nothing but inflation. Conversely inflation cannot be halted without tackling its monetary roots.

Technical monetarism is a much more specific doctrine or family of doctrines. It asserts that there is a stable quantifiable relationship between a specific definition or definitions of money and prices. The implication is either that there is a hard and fast dividing line between money and non-money or at least that the whole family of financial assets moves harmoniously, so that if you control one or two key monetary variables you have controlled the lot.

There is the further implication that the money-prices relationship will not be affected by the attempt — historically very recent—to control the money supply for policy purposes. During the gold standard, the money supply was regulated automatically without anyone worrying about it or even measuring it; and from 1914 until the early 1970s the emphasis of policy was on the control of interest rates.

At the opposite extreme to the technical monetarist is the position of financial analysts, such as Dr. Henry Kaufman of Salomon Bros. in New York, who believes that the financial markets are very innovative and that more money substitutes will be invented to get round the Fed's reserve requirements. Velocity will therefore, he believes, increase rapidly in response to the Fed's present squeeze. As a result he foresees neither a recession nor a major fall in inflation rates in this year.

My own position is that there is not the slightest doubt that the broad quantity theory is both true and illuminating, but that we should remain agnostic both about technical monetarism and for that matter the rival technicalities offered by the Kaufman school.

The charts with this article show some of the relationships suggested by the St Louis data. The rates of change selected are three year compound moving averages, plotted for the third year. In this way we can reduce the influence of the shocks and temporary disturbances, such as oil price increases, harvest failures, local wars and financial market upsets, which even the most hard-boiled monetarist agrees will will have a "temporary" effect on prices. By taking three year averages, we are also making sure that only well established monetary trends are recorded rather than the month-to-month or week to week changes.

The charts are especially interesting because monetary targets have been laid down in the U.S. since 1970, although they were not then taken as seriously as they are now. The targets were stated for nearly all this period in terms of "narrow" money. This was called M1, but has recently been rechristened M1A, and is labelled as such on the charts. It consists of currency in the hands of the public plus demand deposits ("current accounts" in English English.)

If we compare the average annualised rate of growth of M1A, from the three years ending in 1964 to the three years ending in 1980 we find a rise from 3.1 to 5.8 per cent. Using relationships drawn from the 1960s and 1970s as a whole, we would expect inflation to rise by less than 3 per cent. (These relationships suggested that the trend rise in velocity would be offset by the trend rise in real national output). In fact the inflation rate, measured by the GDP deflator, jumped from 1.6 per cent in 1961-64 to 8.2 per cent in 1977-80, a rise of over 6½ per cent.

If we examine the period in more detail the change in the relation between money and prices becomes more striking still. The first chart shows that up to 1973 prices grew by 1 to 2 per cent *less* than the "narrow" monetary stock. After 1973 prices grew on average by 2 per *more* than the growth of M1A. Moreover the differential has tended both to widen further and become more erratic.

It is no coincidence that velocity rose more quickly and became more unpredictable during the years when money supply targets were introduced and given more and more prominence in U.S. policy. The disturbances were due not only to the two oil price shocks of 1973-1974 and 1979-1980 but also to the invention of new instruments such as NOW accounts (Negotiable Orders of Withdrawal) and money market mutual funds, which enabled assets outside the old definition of money, and subject to less stringent reserve requirements, to be used for writing cheques.

It was in response to these developments that the Fed invented M1B, which was the old M1 plus "checkable deposits with all institutions" in which targets were set as an innovation in 1980. The first chart suggests that M1B has indeed had a closer relation to prices; but for how long this will remain the case is a question.

At this stage the "echt" technical monetarists can counter-attack. They regard the main determinant of the effective quantity of money as the monetary base. This consists of currency plus bankers' deposits with the Fed. Some monetarists would like to make the monetary base the main target and others to use it as an instrument for controlling M1B.

The second chart does indeed show that the monetary base had a reasonably good relation to M1B over periods of half a decade or so. The fit has also been a good deal better than with bankers' deposits with the Fed alone (labelled "bank reserves") which have been the Fed's main operating target since the policy switch of October 1979.

There is indeed a still more impressive direct relation between the monetary base and inflation, shown in the third chart. Prices have risen by slightly less than the monetary base and the relationship between the two series has been as stable as one can expect.

Nevertheless the technical monetarist does not remain in undisputed possession of the field. The Henry Kaufmans of this world can legitimately reply that it is precisely because the monetary base has never been used as a policy target that its link with inflation seems reasonably good. (And is it hitting below the belt to add that the monetary base held up well in the early 1930s when the money supply itself fell catastrophically?)

Finally it is worth looking at a broader aggregate M2. This is M1B plus savings deposits (deposit accounts in English English). It is the nearest equivalent to sterling M3 but also includes eurodollars, money market mutuals, and overnight repurchase agreements. The third chart shows that its direct relationship to inflation is the worst of all the aggregates considered.

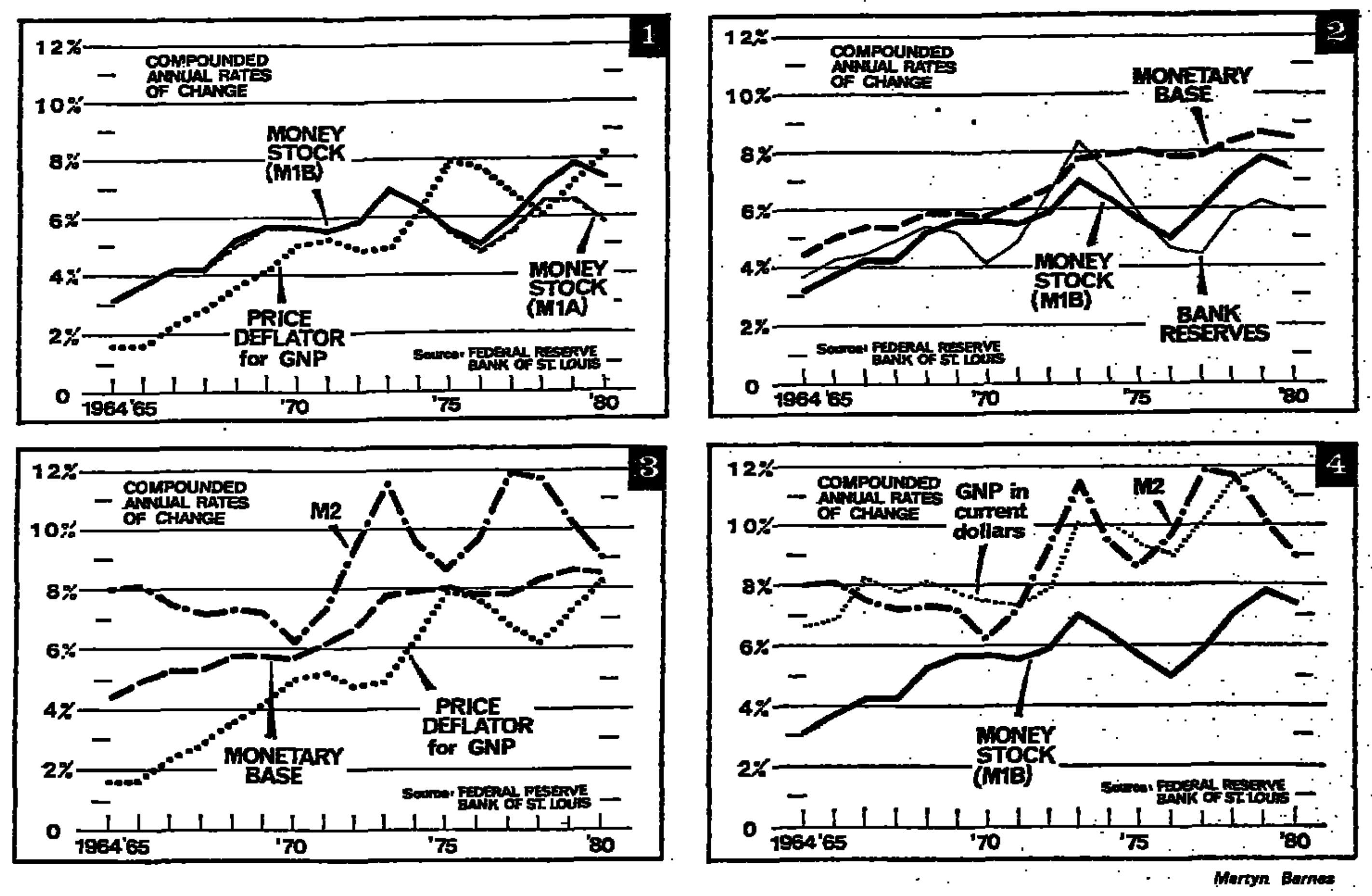
But before dismissing it, it is worth looking at the fourth chart which relates M2 to money GDP. The fit here is about the best of all the series examined, even though the famous long and variable lag of up to two years makes its appearance. For those who accept the contention frequently argued in this column, that policymakers can ultimately control neither prices nor output and employment, but only total spending or money GDP, this measure will have a special attraction. But the attraction will rapidly fade if instead of being regarded as a good medium-term indicator, it is regarded as a magic number to be manipulated by artificial devices such as the ill-famed British "corset."

Where does this somewhat inconclusive survey leave U.S. monetary policy today? Both the Reagan Administration and the Fed are determined to control their immediate target, M1B. Whether this will involve short-term interest rates of 15 per cent or 25 per cent, or something in between or still higher or lower by midsummer's day, no school of thought can predict.

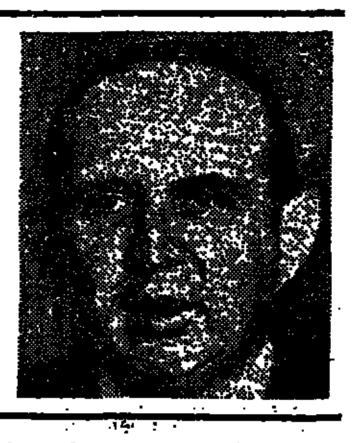
But, ultimately, if interest rates are left to market forces M1B must come under control. If the Kaufman school is right there will be no recession, but inflation will stay high (despite the latest cost of living figures, there is no sign of an underlying drop). Interest rates will drop, but only to a level appropriate to an inflation rate of say 11 per cent, which probably means Prime rates averaging around 15 or 16 per cent before the end of the Fall (autumn in English English!).

If Mr. Kaufman is wrong and the monetary squeeze does really work then there will be a major recession. No inflation as serious as the current American one has been broken without a stabilisation crisis involving a fall in output and employment. In that case interest rates can fall to low single figures, both because of the reduction in inflationary expectations and because of the drop in business demand for credit.

Thus the prognosis is that after a very uncertain few months, U.S. short-term rates will start to move at worst to around 15 or 16 per cent, or at best to four or five per cent. But if the latter happens those in Europe who are now complaining most about high interest rates and a strong dollar will change their tune and start complaining about recession and the weak dollar. One does not need any charts to discover that there is no pleasing the political or the financial public the world over.



Martyn Barnes



Dr Henry Kaufman, the New York interest rate guru, thinks the Fed will be outwitted and foresees little fall in inflation or activity. If he is wrong, there will be a major recession.

MEN AND MATTERS

Meeting of mines

"You are evil, may God have mercy on your soul."

It was never like this at Barclays. . . Well, dash it, it was actually, with those three-hour annual general meeting epics in Lombard Street, Sir Anthony Tuke up on the stump. Not much change at RTZ, meetings a bit shorter, abuse if anything a bit more impassioned, Tuke appointed chairman and up there again under fire.

What God thinks about Tuke is a moot point, but there were some pretty sharp divisions at RTZ's annual meeting between those whose retirement pension was founded on Consolidated Zinc dividends, and those who thought the company should change its name to "666" and have done with it.

At least with Barclays you could gen up on South Africa and Namibia and be pretty sure you had the bases covered. With RTZ, there is always The Australian Question.

The Australian Question was put in person by two Aborigines flown over by Survival and War on Want. They accused RTZ of "racism" in developing mines on Aboriginal burial grounds and reneging on a promise to give the Aboriginals decent re-housing.

Well, Tuke promised to look into the matter, one of many matters destined for such attention. He also became rather keen on looking at his watch, as the longer questions ran their course.

The protesters had come armed with maps and a display of purportedly secret documents which would have done credit to an open day at the British Steel Corporation. But—assuming they were genuine—those documents were not the only dark side of RTZ. What about current cost accounts? "I don't believe the average shareholder is interested in them," said Tuke. "I call them Chinese accounting. But you can always turn over the page."

Something like two hours into the show, there came the first hopeful signs for the Board, which was by now no doubt heartily agreeing with the shareholder who shouted "Go back to your middle-class homes." The vote was in sight! "Call a poll," came the cry from those who wanted their money's worth. But Tuke was back on sure arithmetical ground. "I have 37 million proxies," he boomed, and against that immovable mass of absentee opinion the meeting came to rest.

Aides decamp

The kitchen cabinet of Helmut Schmidt is beginning to look a little bare of the long-serving aides who have helped the Chancellor cook up German policy.

Latest to go is Schmidt's senior foreign policy adviser, Bernd von Staden, formerly Washington Ambassador, now moving back to the German Foreign Office to become a senior State Secretary.

Some continuity will be preserved, since von Staden will be succeeded by his Chancellery deputy Otto von der Gablentz, an Oxford-educated EEC expert. But the Chancellery—a sort of political sieve to sort out wheat from chaff in schemes proposed by ministries—has already lost several other key men.

Working in Schmidt's team demands personal loyalty combined with the ability to tell the Chancellor when he has made a mistake. Klaus Boelling, formerly State Secretary in charge of Information Policy, was particularly good at finding the right diplomatic touch with his often tetchy boss. But he has recently moved to become Bonn's man in East Berlin.

Manfred Schueler, the Chancellor's brilliant "organisation man," has gone into banking after a spell of ill-health. Horst Schulmann, main economic policy adviser, went to the Finance Ministry at the end of last year.

They all have good successors —but so many new faces in such a short spell of time has inevitably been disruptive. It has not helped that one of Schmidt's most trusted Cabinet colleagues, former Justice Minister Hans-Jochel Vogel, has gone to Berlin. What with that and Giscard d'Estaing's defeat in France, little wonder if Schmidt himself occasionally thinks of throwing in the towel —though his aides will assure anybody who asks that the Chancellor's sense of duty will keep him at the job for a good while yet.

". . . You'll never walk alone!"

Bank Station

"You may," suggested Cecil Berens, kindly sparing me the awkwardness of asking the inevitable opening question, "like to ask me what changes I have seen in 50 years in the City."

Well, Sir, you read my mind. With a half-century at Hambros Bank and a probable world record for managing new issues behind him, Berens retires on Monday at the age of 72 from a City which in his estimation may have changed in style but not in spirit.

Hambros was in those same mahogany-panelled green-carpeted Bishopsgate offices when Berens arrived there in May 1931, when "everybody from the office boy to the chairman wore a hat, a waistcoat, and laced-up shoes." The clothes may have been formal, the doing of business perhaps a little more leisurely. "The senior partners in the leading stockbroking firms and the top banks would go visiting their most important clients, drop by to pass the time of day with the partners there, discuss the weather, partridge, grouse . . . And when they were leaving, they would say, "by the way, Consols look sort of cheap, there's something going on, might be a bob or two to be made here or there."

Berens' first new issue was Cocksendge, the Ipswich engineers still tooling happily along under Hambros' wing three decades later. He is justly famed for bringing Nottingham Manufacturing to a London quote via a "shell" on the Loughborough stock exchange without even writing a prospectus, and he was also market midwife to Mothercare and Christies.

More recently, he was until October chairman of Sovereign Oil and Gas, as well as being a fairly full-time adviser to Hambros since retiring from its Board six years ago.

This really is retirement, promises Berens. He even reckons on resisting the lure of the on-shore oil drilling around his Hampshire home. Humbly Grove is only three miles away, and the rights to some of his own land have gone to Shell.

Cover story

Well it wouldn't be enough to make me take out a special subscription, but Harold Evans is certainly doing his best to make "The Times they are a-changing" rumours help along circulation. Can it really be true that, by summer, advertising will disappear altogether into the maw of the inside pages, to be supplanted by a back page of news? "If you wish to see the changes," I am primly told by the Editor's office, "read The Times." And if you want to hear about them first . . .

Observer

Lynton McLain reports that Whitehall is taking a very sceptical view of BR's spending plans for the future

The grim options facing British Rail

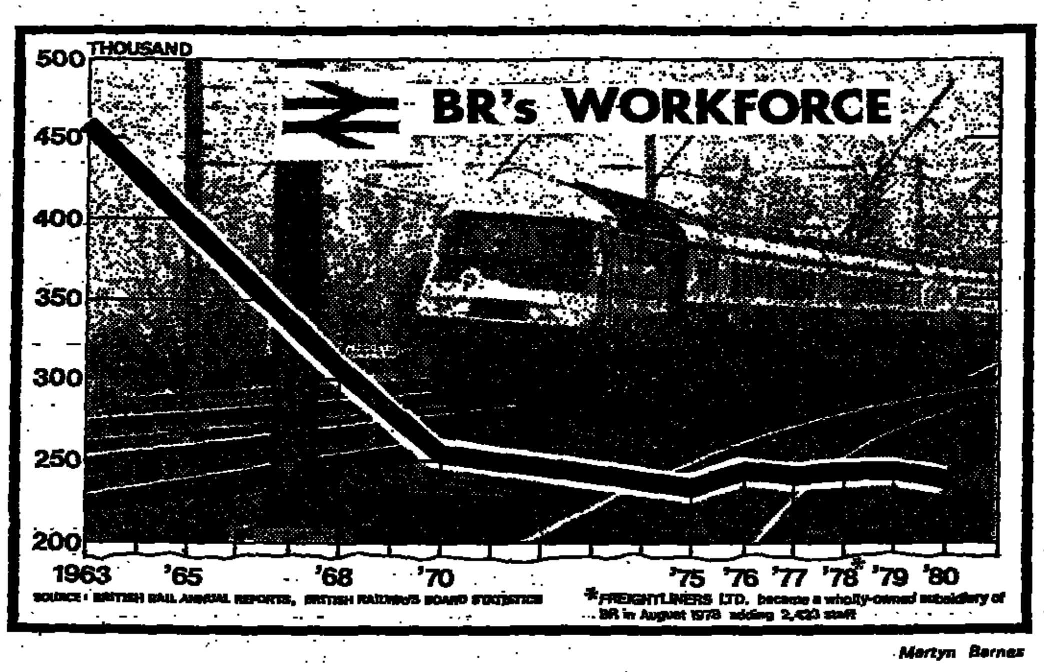
BRITISH RAIL is approaching a crisis in its affairs unlike anything yet seen under the leadership of Sir Peter Parker, the current chairman of the railways board.

Despite two increases in fares, a record income of £2.6bn and deliberate cuts in rail maintenance to save money, BR last year lost £76.9m, its [illegible] "loss" in the years that Sir Peter has been chairman.

As a result a Cabinet committee, including Mrs Thatcher, the Prime Minister, Professor Alan Walters, her special economic advisor and the Central Policy Review Staff, the "Think Tank," are all poised to pass judgment on BR's past performance and its future prospects. In particular their attention is concentrated on BR's productivity record and its business performance before they decide whether it should get as much as £775m to more-than-double the length of electrified track over the next 20 years.

BR is pressing not only for the electrification money, but also for another £720m over the next 10 years. Without this, it says, it will have to close 3,000 of its 21,811 miles of track. It wants more rolling stock, including locomotives, but has failed regularly to build all the stock authorised by the Transport Department. British Rail already has the largest finance limit for 1981-82 at £920m, than any other nationalised industry. This figure includes government operating grants—£633.7m last year—loans and equipment leasing arrangements.

BR's present position is undeniably bleak. Its rolling stock is aging fast, maintenance costs are rising and by the end of this year there will be 500 track speed restrictions compared with 193 in 1980. Passengers have had to pay more for this—fares rose by an average of 20.5 per cent last year and will rise again before November.



Martyn Barnes

These problems stem from a number of factors. Some, such as the recession, which cost it £100m to £120m in lost revenue last year, are outside BR's control. But what is indisputable is that the difficulties have grown steadily more acute since Dr Beeching, a former chairman of the railways board, took his celebrated axe to the railways in the 1960s, and gave BR what was thought to be the basis for a successful future.

BR's basic weakness is that it cannot generate enough cash from fares and freight charges to speed up the replacement and modernisation of its trains, track, signalling and stations. This, and the tight financial limits imposed by the Government, have made it harder and harder to finance the needed improvements.

Underlying all this is the fact that, since 1969, BR has failed spectacularly to achieve any useful increase in productivity from its workforce, which at 239,680 at the end of last year, is the largest of any nationalised industry.

The question of productivity is crucial, not only because there is intrinsic merit in the idea that BR should make better use of its resources, but because the projected real rate of return of 11 per cent from electrification (in the BR/Transport Department report on electrification) assumes that BR will make gains in productivity to balance higher labour costs. This is one of the four key assumptions the Cabinet committee and the Think Tank are examining, before a decision on electrification. (The others concern BR's ability to increase traffic at higher real fares).

But on the basis of its performance since the early 1960s when Dr. Beeching axed rail lines, cut staff by a third to 307,000 by 1968 and boosted productivity by an unprecedented 35 per cent, BR could find it hard to get enough extra money for electrification to power a light bulb.

In the past six years, productivity in British Rail has increased by an annual average of only a quarter of 1 per cent. In the previous five years, from 1969 to 1974, output per employee rose only 1 per cent. Over the six years to 1980, BR shed 21,378 jobs from its railway operations, a cut of 10.7 per cent.

In the 12 years since the last of the Beeching cuts, BR has failed to meet even its own productivity targets. The corporate plan now being studied in Whitehall calls for 38,300 jobs to go by 1985. Ministers, however, will recall that a similar target for manpower reductions was set in a previous BR rail plan, "An Opportunity for Change" published in July 1976. This called for 42,900 jobs to be lost by 1981.

In fact, BR management succeeded in cutting only a total of 8,735 jobs from 1976 to the end of last year. This failure to improve productivity is recognised by Mr Ian Campbell, a vice-chairman of BR in a recent report to his board colleagues. He catalogues how BR has failed time and again in the 1970s to generate these cash surpluses. Mr Campbell stresses the lack of progress by BR on successive railway plans and reviews through the past decade.

And BR's performance in financing the replacement of its assets from its own cash surpluses is getting worse. In 1979 BR invested £91m in its rail passenger business — new carriages, locomotives, wagons, and other hardware—and funded 80 per cent of this spending itself. Last year it invested £119m, but its self-financing ratio had plummeted to 53 per cent.

In the case of investment in other, non-passenger, parts of BR, £115m was spent in 1979 and almost half, 49 per cent was self-financed. By last year, when £104m was invested, only 30 per cent was self-financed.

In some areas, BR has done very well, to its credit. The successful marketing of Inter-City passenger trains has led to a steady and rapid increase in the volume of passenger business. Traffic reached almost 20bn passenger miles in 1979, the highest total since the pre-Beeching era of 1961 when the rail network was 30 per cent bigger.

Behind this performance of the rail passenger business at a time of deepening recession—and the 20.5 per cent increase in the average fare paid by passengers last year—was BR's approach to selling train seat capacity on the basis of what the market can afford.

Continental train services are often priced on a regular charge for each kilometre travelled. BR long ago abandoned this approach and provides services to attract passengers and to maximise revenue on those routes where BR has a near monopoly.

The market approach started before Sir Peter became chairman. He sharpened the technique and last year 46.2 per cent of BR's passenger revenue of £734.2m, excluding season tickets, came from reduced fare schemes. The new range of railcards are at the heart of many of these cut-price schemes.

Yet this marketing success has been on the back of a rapidly crumbling rail system. Over half of BR's network is equipped with obsolete mechanical signalling operated from 2,000 manual signal boxes with hand operated levers. More than half are over 60 years old.

The BR Board was told in a note from the chief signal and telecommunications engineer, which accompanied Mr Campbell's paper that "the renewal of the lever frames in present industrial terms is impossible to do economically." The renewal rate for signals had to be increased "very substantially over the next 20 years or the elimination of mechanical signals would be precluded well into the next century" with a cut in the number of signals that can be kept in service, the report said.

British Rail blames the Government's external finance limit—the £920m it can borrow or lease and including Government grants—for its actions in cutting back on asset renewal such as the 2 per cent cut in track maintenance last year. These cut-backs are deliberate. "Increasingly throughout the past decade we have used control of asset renewal as an annual budget balancer." Mr Campbell said.

"This is very proper and usual over short periods of adverse trade, but when applied over a decade must produce a point of critical decision," he added. The result is that "the future is being pawned to balance today's books."

British Rail is getting to the stage in its financial affairs where grim choices have to be made. Mr Campbell warned the board in his paper that there are only three alternatives:

- "Let things slide, hope for an improvement in the nebulous future and leave the Board of 1990 to pick up the pieces."
- "Decide that figures in the Rail Plan are true, take action now to increase the physical rate of renewal of equipment and implement these actions whatever the actual conditions." This action would steer BR spectacularly through the Government's external finance limit unless BR suddenly generated its own cash surpluses. This option implied a "serious cash crisis if Rail Plan forecasts prove to be wrong."
- The third option is the grimmest of all. BR could decide that "the future is too uncertain, that cash limits are immutable and that the business must be reduced to comply with these limits."

The new axe could start to fall from 1983.

BR'S £1.5bn EMPIRE

BRITISH RAIL is a massive national business. Before the latest round of cuts of 5 per cent in its passenger services—to come into effect with the new timetable on June 1—BR operated 23,000 daily train services.

British Rail owns 2,787 stations, 722 high speed train power cars and carriages, 16,000 passenger carriages, 120,000 freight trucks, 48 Sealink ferries, 11 harbours, two hovercraft, 13 rail workshops and 29 hotels. BR is also in the property business with assets worth £613m. The rolling stock, ships, plant and equipment are worth £1.5bn.

Letters to the Editor

Critics of Mr. Benn

From Mr. P. Bharali

Sir,—As an onlooker of the events within the Labour Party, in particular the deputy leadership contest, I find myself nonplussed at some of the utterances of a few senior leaders of that party against one of their colleagues. I refer, of course, to the hounding of Mr. Anthony Wedgwood Benn in his quest of the leadership position. The vehemence of their criticism against his "wrong doings" in the Party would suggest that some of his activities must offend the country's criminal codes. Some have called him a dangerous man. If he is, then why is he not taken to a court of law? If, on the other hand, he is not, what special right do the others claim for themselves to castigate Mr. Benn as the villain of the piece?

It seems to me that what the leaders of the Labour Party are afraid of is the disturbance of the status quo in the party. They seem to be jealous of Mr. Benn's ability to persuade CLP activists of his beliefs and ideas; his sheer physical stamina to spend interminable hours attending fringe meetings at union conferences and winning over grass roots unionists to newer ideas, and air alternative ways to resolve Ulster problems. To say that the Labour Party will be terminally ill if Mr. Benn wrests the deputy leadership, but if they do instead, the party will be restored to full health, is not only sanctimonious, but also hypocritical.

If Mr. Benn succeeds where others fail, it will be because Mr. Benn's philosophy is more plausible, his logic more persuasive, his organisation more effective and his answers to multifarious problems more acceptable to his supporters. History, both past and present, abounds with examples of how in all divided societies, as in the United Kingdom today, one type of extremism is always countered and replaced by another. One wonders how far the so-called Leftist extremism of the Labour Party would have succeeded if another type of extremism was not there to replace it.

P. Bharali.
Green Lane, Charlton, Nr. Banbury, Oxfordshire.

Marx didn't see it

From the Chairman, Anti-Common Market and Free Trade Party

Sir,—The description "Marxist" is often applied to politicians and others who seek to bring what they call "capitalism" to an end and substitute some other system.

As one who has read, and still constantly reads, with total admiration for the great man's unbelievable industry and dedication, everything that Marx ever wrote that has been translated into English, might I ask some self-confessing "Marxist" of today how it was that Karl Marx, having analysed "the capitalist mode of production" as profoundly as he was intellectually capable, never seemed to perceive that, in a monetary system, investment in productive capital assets can only be financed by savings out of income and in no other way.

Nowhere in Marx's writings can I find any awareness of the process, which since his time has developed into the present-day highly sophisticated mechanisms by which savings out of income by landowners, farmers, companies, firms and millions of individuals are collected together by bankers, financiers, entrepreneurs, building societies, etc., for investment in the production of capital assets.

Perhaps it was necessary for his painfully inhuman analysis of capitalism that all capital assets should be deemed always to have been owned and must continue to be owned, in perpetuity and exclusively, by members of one social "class" which, today, I suggest, is demonstrably not the case.

Oliver Smedley.
Garden Cottage, Wendons Ambo, Saffron Walden, Essex.

Not a loud wailer

From the Chief General Manager, Co-operative Bank

Sir,—When the tenor of comment in your columns over many years has reflected the sustained progress of the Co-operative Bank, it was surprising to find Antony Harris using the word "unsuccessful" in his Lombard column last Thursday (May 21). Still, Lombard is for comment and, no doubt, his criteria are personal.

I must, however, point out that the Bank has not "wailed loudest" about windfall profits tax, heavily though it impacts on us. We have relied on direct representations because we are sure it was nobody's intention to tax us to the extent of 82 per cent of our profits.

Lewis Lee.
P.O. Box 101, 1, Balloon Street, Manchester.

The rating system

From Councillor A. Thompson

Sir,—Mr. Franklin (May 18) continues to assert that "businesses pay 60 per cent of the UK rate bill." It is true that the non-domestic sector's share of total rates has approached 60 per cent in recent years. It is probably nearer to 55 per cent now, or 57 per cent if domestic rate rebates are allowed for. Domestic rates have risen proportionately faster since 1975, because the domestic relief element of the rate support grant has not been adjusted for inflation.

The non-domestic sector, however, is not just the business sector. Mr. Franklin himself mentions the rates on County Hall in Lambeth. The 55 per cent to 60 per cent non-domestic share of rates includes property held by all departments of central and local government, the nationalised industries and various organisations which are in no sense businesses. Written answers to Parliamentary Questions (July 24 and July 30 1980) suggest that commercial and industrial property, excluding public utilities, accounts for about 35 per cent of rate income and not 60 per cent.

There is a real problem of fudged accountability in local government finance, but this is not mainly to do with business or other non-domestic rates. A council cannot increase business rates without raising domestic rates by the same poundage. Moreover, almost all local electors are adversely affected in some way by the consequences of high business rates locally. The real problems in accountability include the precepting system, which causes confusion as between the different levels of local government; and the inclusive rent system, whereby council tenants and many other householders make single payments for rates and water charges, net rent and service charges, all lumped together. Above all, there is the huge scale and complexity of financial relations between central and local government—all making for public confusion about who is really responsible for heavy rate rises.

Mr. Franklin is surely wrong to describe business rates as "a charge on profits." They are an element in total costs, along with business rents and other overheads, before any profits or losses arise. Mr. Franklin's statement that 40 per cent of council rents in Lambeth are uncollected is a gross exaggeration of what is certainly a very serious problem. Over recent years, some 97 per cent of the inclusive rent debit, after allowing for rebates, has been collected and 3 per cent uncollected. You could make it 40 per cent only by taking the current outstanding arrears of inclusive rents, which in many cases have accrued over several years, as a percentage of a single year's net rent debit before this year's 35 per cent rent increase. Hardly a comparison of like with like!

(Councillor) Andy Thompson.
76, Vassall Road, SW9.

The future of radio

From the Head of Engineering Information Department BBC

Sir,—Arthur Sandles' article "Restoring radio's community role" (May 20) was an interesting contribution to the debate on the future of BBC radio.

One comment worth making, if I may, relates to his statement that the Corporation will "move entirely to a VHF (FM) system." This carries the implication that our medium and long wave services may soon be closed down, but such is not our intention.

Recognising the increasing difficulty of achieving interference-free reception on medium and long waves, our aim is to make all our radio output primarily available on VHF. This, we hope, could be achieved by about 1990, after which time we would strongly recommend VHF as the preferred medium. It will then be logical to review the use of our long and medium wave outlets; but there is no decision nor inclination to abandon them in the foreseeable future.

D. P. Leggatt,
British Broadcasting Corporation,
Broadcasting House, W1.

Hire-purchase on cars

From Mr J. David

Sir,—Mr Damer, the director-secretary of the Finance Houses Association, has kindly replied (May 20) to my letter which expressed disagreement with the proposals that his Association, in conjunction with the motor trade associations, had submitted to Government Ministers and departments seeking a significant easing of hire-purchase controls on new and used cars for private individuals. Since my first letter to you (May 8) I have also received a copy of the FHA's memorandum containing these proposals.

Outside the members of the FHA I have still been able to find nothing but opposition to the idea. Such opposition reflects in part memories of past tragedies which have befallen finance houses. I cannot agree with Mr Damer that the comparison with other periods is wholly misleading. He states that the crisis of 1959 occurred at a time when there were no terms controls. But that is the very point—because there were no such controls finance houses had been able to indulge in excesses which brought about the crisis. Again, the only other period when there were no terms controls since their original inception was from July 1971 to December 1973 when the Bank of England was obliged to launch its lifeboat.

If we are now faced with the prospect of no terms controls for the third time it must surely be right to remember these earlier occasions and the companies which then led the way.

Of course, we do have controls at the present time and the proposed reductions in themselves will not eliminate them. The present proposals never seemed likely, however, to be just a once-and-for-all affair but rather a first step towards no controls. Events of the past combined with present conditions then hardly offer an encouraging prospect.

The FHA's memorandum makes it quite clear that the suggestions are indeed intended to be a first step. To avoid abrupt changes it says "we do not advocate immediate and total abolition. We favour a gradual approach." Many finance houses would already argue that even with the present one-third deposit the hirer barely has any effective equity in his transaction and that weaker terms would only intensify the problem. The gap between new and used car values is probably larger than at any time since the war.

In his letter Mr Damer draws freely on his association's memorandum and your contributor, Mr John Griffiths, did likewise when reporting on April 7. Although the document is addressed to no one and is not marked confidential it does not seem quite right for me to quote at length from it. Nevertheless, I cannot fail to be apprehensive at the extent of the rising involvement of the FHA members in financing the stocks of the motor trade. Its sheer size and lack of profitability are striking; they must surely lie close to the roots of the present proposals.

I have a great respect for Mr Damer. On this particular matter and in the present conditions I cannot, however, avoid misgivings. I find them shared by every company concerned to whom I have spoken.

John David.
Arkley Hall, Barnet, Herts.

Today's Events

GENERAL

UK: Institution of Taxation conference on Finance Bill '81, Royal Lancaster Hotel, W2.

Scottish National Party conference opens, Aberdeen (to May 30).

Commission for Racial Equality reports on probation in multi-racial society.

Mr. W. P. Bradshaw, British Rail Strategic Development director, speaks on "A transport perspective—1984 and after" to Executives' Association lunch, Savoy Hotel, WC2.

The Queen and Prince Philip attend 50th anniversary gala of the English National Opera, London.

Prince Charles visits Twickenham during 900th anniversary celebrations.

Earl of Limerick, British Overseas Trade Board chairman, addresses London Chamber of Commerce conference on Africa's opportunities for trade and investment.

Road Haulage Association convention and exhibition opens, Harrogate (to May 30).

Institution of Mechanical Engineers conference on supports and saddles for horizontal storage and pressures vessels, Manchester.

Commercial Transport exhibition opens, Manchester

Overseas: King Juan Carlos of Spain and Queen Sofia begin State visit to Italy (to May 30).

Sir Ronald Gardner-Thorpe, Lord Mayor of London, starts visit to Houston, Texas (to May 31).

King Hussein of Jordan continues State visit to Moscow.

COMPANY MEETINGS

See Company News on page 26.

OFFICIAL STATISTICS

Department of Industry publishes investment intentions of the manufacturing distributive and service industries (1981 and 1982). Energy trends. May provisional figures for unemployment and unfilled vacancies).

COMPANY RESULTS

Final dividends: Allied Leather Industries. Henry Ansbacher Holdings. British Syphon Industries. Brunning Group. Buckley's Brewery. Chapman and Company (Balham). Courtaulds. Extel Group. Findley Hardware Group. Helical Bar. Philip Hill Investment Trust. International Paint. Maurice James Industries. M and G Second Dual Trust. Normand Electrical Holdings. William Press. Property and Reversionary Investment Corporation. Pyramid Group (Publishers). Robertson Foods. Tranwood Group. UBM Group. Young and Company's Brewery. Interim dividends: Sir Joseph Causton. Greenall Whitley. Interim figures: Pict Petroleum.

Tate & Lyle near £3m ahead at six months

PROFITS, before tax, of the Tate and Lyle group moved ahead from £9.4m to £12.3m for the half-year ended March 31 1981 from turnover boosted from £629.5m to £995.2m.

Lord Jellicoe, the chairman, says the group benefited from lower interest charges and that the earnings mix showed improvement. And a significantly better contribution from the North American sugar refining companies helped to offset the effects of adverse conditions in world sugar trading.

He remains cautiously optimistic about the group's underlying strength and its prospects, but warns that "the pressures on our profits from unfavourable conditions in world trade will persist in the second half."

Tate has, however, overcome most of its fundamental problems, is more profit conscious, is led by a stronger management team, and is "better equipped to compete internationally in tough markets."

Second half profits last year amounted to £21.3m giving a total of £30.7m pre-tax.

Six months' trading profits were £17.7m (£16.5m), associates' share £0.8m (£0.5m) and interest charges took £6.2m against £7.6m. The surplus was subject to tax of £4.6m compared with £2.9m.

Stated earnings per £1 share are 11.6p (10.7p) and the interim dividend is maintained at 4p net—last year's final payment was 6.5p.

After minorities £1.3m (£0.6m), the attributable balance came through ahead £0.5m at £6.4m—disposal of remainder of shipping interests gave rise to an extraordinary profit of £3.3m, net of tax, which would increase the attributable amount to £9.7m.

Lord Jellicoe says the group has now carried through the measures to strengthen the operational base. Following the closure of the loss-making UK starch and glucose companies last December, the closure of the Liverpool sugar refinery was completed in April, thus eliminating the problem of excess UK refining capacity.

Demand for sugar from industrial users continues to be affected, however, by the UK trade recession, he adds.

The agribusiness division was affected by provisions in the first half, which directors felt prudent to make against certain overseas debts. Although the order book remains thin, because of the continuing international recession, results for the full year will show progress towards a return to profitability.

And, in order to determine when a return to profitability is likely, and a requirement for further capital expenditure, directors are reviewing the operations of the group's two new chemicals plants at Knowsley. Some progress has been made, however, with technical improvements and market development.

At R.&D. Centre, costs have been contained within predetermined reduced budgets.

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Analysis of Trading Profit and Turnover

	Trading profit 1981 £m	Trading profit 1980 £m	Turnover 1981 £m	Turnover 1980 £m
Agribusiness	1.5	2.7	22.3	11.3
UK loss	1.5	2.0	21.2	10.5
Canada loss	0.1	0.8	—	—
U.S.	0.1	0.1	1.1	0.8
Bulk Liquid Storage	1.2	1.2	3.9	3.7
UK	1.0	1.1	3.9	3.7
U.S.	0.2	0.1	—	—
Commodity Trading Worldwide	3.1	5.4	508.0	163.6
Sugar	2.8	4.9	488.3	139.0
Other	0.3	0.5	19.7	24.6
Insurance	0.6	0.4	—	—
UK Malting	0.9	1.5	8.2	10.7
Molasses Trading, Handling	5.7	6.8	115.2	131.4
Sugar Refining, Production	10.7	6.2	291.2	253.0
UK	3.4	1.7	172.1	178.4
Canada	2.9	1.9	46.4	28.3
U.S.	3.3	0.9	53.1	30.1
Belize	1.0	1.5	8.0	7.0
Zimbabwe	0.1	0.2	11.6	9.2
UK Warehousing, Distribution	0.7	0.3	13.2	15.4
UK Shipping	0.3	1.3	0.2	3.3
UK Starch	—	*2.1	10.0	20.6
Other	0.6	1.2	23.0	16.5
Making	22.2	19.5	995.2	629.5
Central expenses	1.0	1.4	—	—
Specialty chemicals development	2.3	1.0	—	—
Research, development	1.2	0.6	—	—
Leaving	17.7	16.5	—	—

* Loss.

Simplicity deal agreed by Lacey

Mr Graham Ferguson Lacey, chairman and principal shareholder of NCC Energy, has agreed the terms of the merger with Simplicity Pattern, the U.S. paper patterns company with whom he has been in talks for some two months.

The deal is complicated for shareholders on both sides.

Briefly, NCC shareholders stand to receive 0.252 of a Simplicity share (valued yesterday at $10.5 on the New York Stock Exchange) for every share they hold. This represents a value of 129p an NCC share, against a suspension price of 135p a share.

In addition, however, they would obtain 0.142 of a warrant which would give them the right to buy one Simplicity share at $20, twice the current market price.

According to a statement from NCC yesterday the entire package values NCC "in excess of $100m or approximately £50m"—actually £48.54m—or "in excess of 150p a share."

The other part of the deal involves Simplicity shareholders in accepting $20, a 10-year 9 per cent subordinated loan stock and 75 per cent of a warrant to buy a share in Simplicity.

If half the Simplicity shares are exchanged for the loan notes, NCC shareholders would represent 58.5 per cent of the shares in the merged group, according to the company yesterday. At 70 per cent exchange NCC would hold 70.2 per cent of the group's shares.

NCC's Board is still considering details of the merger terms and shareholders are advised not to take any action until after the June 2 Board meeting.

Meanwhile, the two chairmen, Mr Ferguson Lacey and Mr Harold Cooper, are talking of the combined company continuing the pattern business of Simplicity and expanding the energy and natural resources businesses.

Allied Irish Banks seeks I£32.5m to fund growth

Allied Irish Banks is raising I£32.5m in a rights issue of 27.1m new shares on the basis of one new share at 120p for every four shares held and 31.125 new shares for every I£100 of convertible stock held on May 19.

The group also reported a 31 per cent rise in pre-tax profit to I£52.9m in the year ended on March 31 1981. The final dividend is raised from 3.5p to 4.5p, making 8p for the year (6.25p).

The directors make no profit forecast for the current year but undertake to maintain the dividend on the enlarged share capital.

	1980-81 I£m	1979-80 I£m
Profit before tax	52.9	40.4
Parent	39.5	24.1
Subsid. and assocs.	13.4	16.3
Taxation	13.5	11.9
Minorities	0.3	0.6
Attributable	39.1	27.9
To capital reserve	0.6	0.4
From revenue reserve	1.7	—
Dividends	8.5	6.3
Retained	31.7	21.2

The bank's last rights issue was in November 1977. Deposits have grown from I£1.8bn at the end of 1977-78 to I£4.1bn at March 31 1981. In the same period, advances, including leased assets, have grown from I£862m to I£2.5bn.

The group will continue to seek out opportunities for profitable growth both in Ireland and abroad, but in circumstances of rapid expansion, retained profits alone are not sufficient to achieve this. The net rights issue proceeds of approximately I£31.5m will ensure the group can take advantage of opportunities as they arise.

Dealings in the new shares begin on June 2 and the final day for acceptances is June 19. The issue has been underwritten by brokers, Butler and Briscoe and J. and E. Davy in Dublin and Panmure, Gordon in London.

The bank's balance sheet at March 31 1981 shows total assets of I£4.49bn (£3.3bn) and shareholders' funds of I£241m (£179.5m).

On a current cost basis, pre-tax profit was I£25m and attributable profits was I£11.2m. Retained profit was I£3.8m.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Irish Banks	4.5	July 15	3.5	8	6.25
Allied London ......int.	0.25	—	0.23	—	1.19
British Car Auction Grp. int.	1.5	July 31	1*	—	2.76*
Doranakande	2	July 10	2	3	2.75
Gen. Stockholders Tst. int.	1.2	July 17	1.2	—	3.7
Jersey Gnl. Invst.	12§	July 28	9.5	20	16.5
London Atlantic	3	July 13	2.75	4.75	4.5
London Prudential Inv. Trst.	2.6	July 23	2.5	4.85	4.5
M & G Group ......int.	5	July 15	nil.	¶	10*
Monks Inv.	1.3	July 29	1.25	2.4	2.4‡
New Throgmorton Tst.	1	Aug 5	0.9	2	1.8
North British Steel int.	0.71	July 1	0.66	—	2.023
Spring Grove ......int.	1.5	July 8	1.5	—	4
Tate & Lyle ......int.	4	—	4	—	10.5
Tronoh Mines§	55‖	June 30	90	110	250**
Witan Investments	2.15	—	2	3.75	3.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.15p special. § Gross throughout. ¶ Final of not less than 5p expected. ‖ Malaysian sens throughout. ** Includes second interim of 80 sens.

Aberdeen in £5m deal for Hume

ABERDEEN INVESTMENTS, the small investment company in which members of the Aitken publishing family won control last year, continues with its major restructuring.

Yesterday the shares were suspended at 240p, which compares with the 104p a share offer which gained Aitken English control of 57 per cent of the votes last November.

At the same time Aberdeen announced that it has conditionally agreed to buy Hume Corporation, a banking operation, from Hume Investment Trust for £5.3m.

Aberdeen will pay £4.73m of that in cash and the remainder in shares and £0.5m unsecured loan stock. The cash is to be raised through a rights issue and an issue of £2.6m convertible stock. The deal is so large, by comparison to Aberdeen's own size, that it will need shareholders' approval.

Aitken, owned by Mr. Jonathan and Mr. Timothy Aitken, is primarily an investment management group. Through its unquoted arm, Investment Intelligence, it manages funds of £50m and three units trusts specialising in smaller companies, the Pacific and U.S. technology companies.

Since Aitken took over Aberdeen last year it has reduced its holding to 20 per cent by placing some 37 per cent of Aberdeen's shares with institutions.

The new Board, including the Aitken brothers, has continued to expand Aberdeen, initially through the purchase of SCH Holdings, a financial services group with offshore funds under management of about £5m.

Now it is buying Hume Corporation with a view to expanding in the smaller companies sector where Aitken believes there is a demand for low cost corporate advisory services and opportunities for rewarding investments.

In due course, it is intended that Hume will take over Investment Intelligence, Morgan Grenfell, Aberdeen's bankers, said yesterday.

The net result of the deals announced yesterday will be to lose Aberdeen its investment trust status. Its name will also change—to Aitken Hume Ltd.

Aberdeen has also produced its figures for the year to March 31, although, if the Hume acquisition goes through, these will look highly historic.

Spring Grove down to £1.5m

PRE-TAX profit of Spring Grove Services in the 26 weeks ended April 3 1981 fell from £1.64m to £1.5m on turnover up at £12.03m compared with £11.7m.

The directors of this Henley-on-Thames based workwear, towel and dust control rental company, have declared a maintained interim dividend of 1.5p per 10p share. Last year a total of 4p was paid on pre-tax profits of £3.85m and turnover of £24.18m. The earnings per share for the six months are stated at 3.5p (5.8p).

The directors say that the downturn in sales was due to the recession and given this the company has performed satisfactorily.

Profit before tax was struck after interest of £330,000 (£369,000). The tax charge was considerably higher at £616,000 (£187,000) due to the effect of the recession on the value of stocks held. The directors however say there are ample funds for investment and these will be deployed at the "most propitious" time.

The amount attributable emerged at £821,000 (£1.26m) after an extraordinary item of £63,000 (£190,000).

● **comment**

In its second year's trading after coming to the market, Spring Grove is finding life rather more difficult. Despite a price increase last autumn and a more recent 8 per cent rise, sales have done no more than keep pace with the second half of last year. Volume has fallen by something between 10 and 15 per cent, as industrial customers have trimmed workforces. Along with the rest of the sector, Spring Grove has spare capacity. The reduced volume has an unfavourable effect on Spring Grove's tax liability, since garment purchases are capitalised, attracting investment relief. The declining rate of investment has let the effective tax rate rise to 41 per cent, which is expected to apply to the full year. Assuming that it experiences the same seasonal bias as last year, when 56 per cent of profits were earned in the second half, Spring Grove could still make £3.5m before tax. On yesterday's price of 108p, down 4½p, the prospective fully-taxed multiple is then a slightly vulnerable 16. A maintained dividend would yield 5.3 per cent.

Phoenix falls in first quarter

A DECLINE of 10 per cent in pre-tax profits from £6.7m to £6m is reported by Phoenix Assurance Company for the first quarter of the year.

Underwriting losses were over £2m higher at £7.9m compared with a loss of £5.6m in the first quarter of 1980, while investment income rose by 11 per cent from £12m to £13.3m.

The net profit fell from £3.5m to £3m, following a slightly higher tax charge of £2.5m against £2.2m and minority interests of £500,000 against £1m. Earnings per share declined from 5.7p to 5p.

Premium income rose by just over 7 per cent over the period from £95.5m to £102.7m, with the underlying growth of over 12 per cent allowing for exchange rate fluctuations. Investment income had an underlying growth of 17 per cent.

Underwriting conditions continued to deteriorate in the U.S. with a loss of £1.5m against £1m and the operating ratio for the first quarter rising from 104.6 per cent to 107 per cent.

Underwriting losses also continued to rise in Canada and Australia in line with general market conditions. The company's European operations showed a temporary setback in Denmark, while business in the Netherlands remained reasonable.

The improvement in UK underwriting results which began in the final quarter of last year continued this year with losses in the first quarter of 1981 being halved from £3.4m to £1.7m. The motor and household accounts, although still showing a loss, benefited from the mild winter and the increase in motor premium rates last November.

Long-term business showed a varied pattern for the first quarter with new annual premiums slightly higher at £5.2m, but single premiums down at £6.5m against £7.1m.

Mr. Jocelyn Hambro, chairman of Phoenix, at the AGM held yesterday, pointed out that premium income continued to grow

It was also announced that Friends Provident Life Office had sold 2,229,410 shares in Phoenix Assurance to the Continental Corporation, Phoenix's partner in the U.S.

● **comment**

The first quarter figures from Phoenix were slightly disappointing to the market, even though they follow the pattern set by the other major composites—worse results in the U.S., Canada and Australia offset by better results in the UK. The UK account is still not yet back in profit, but with the effects of a motor rate rise in November beginning to be felt fully in the next two quarters there are hopes that the UK account will stop losing money. But this improvement is more than offset by the losses overseas, though the U.S. looks reasonable against the rest of the market. Phoenix is looking for some improvement in Canada and with a steady rise in investment income, the outlook for 1981 is for slightly higher pre-tax profits. The price shed 2p on the results to 246p yielding 8.7 per cent.

Malaysian Oxygen on target

In the half year to the end of March Malaysian Oxygen Berhad, an Anglo-French industrial gas concern, pushed its pre-tax profits up by 48 per cent to 4.2m ringgit on turnover 12 per cent up at 30m ringgit.

The directors of the group, which obtained a listing on the Kuala Lumpur stock exchange early this month, expect to achieve full year profits of 9.1m ringgit, as forecast in the prospectus.

Following the recent 4.8m share issue, British Oxygen holds some 35 per cent.

BCA RIGHTS

Acceptances have been received in respect of 94.8 per cent of the 3.48m shares of British Car Auction offered in a rights issue at 66p per share.

NEI order intake much higher so far

Northern Engineering Industries has made a good start to the current year, Mr Duncan McDonald, chairman, told shareholders at the group's annual meeting.

Even excluding the boiler orders for the Torness and Heysham AGR power stations, the order intake over the first four months of 1981 was considerably greater than for the corresponding period last year, he said.

The following salient points were made at other annual meetings.

With the capital reconstruction approved on April 27 now put into effect, Weir Group faced the demanding task of restoring profitability and reducing debt, said Sir Francis Tombs, chairman. Further progress was being made following the measures reported in the annual statement, but he saw no reliable evidence of the widely promised upturn in the UK economy.

The reconstruction had restored the confidence of home and overseas customers in Weir Pumps and productivity improvements had already been reflected in the first quarter's trading results.

However, profits in the steel foundry side were still too low, although modern equipment and improving productivity was enabling the group to obtain a creditable share of available business.

Mr. Tim Collins, chairman of Guardian Royal Exchange Assurance, said that while the UK account was still running satisfactorily, indications elsewhere—Canada in particular—were that recovery would come later than had been hoped.

First quarter general insurance premium income of Legal and General Group was well ahead of last year, according to Professor R. J. Ball, chairman, and continued favourable weather conditions had again helped improve underwriting results.

Premium growth in most sectors of individual life business was excellent and continuing

Stone-Platt Industries' objective of breaking even this year now looked much more difficult than it did as recently as a month ago, shareholders were told.

Evidence of the beginning of a recovery for Solicitors' Law Stationery Society could now be seen, said Sir Edward Singleton, chairman, although there was a long way to go before net earnings would be restored to an acceptable level.

The first quarter had produced a modest profit, despite the effect of the Civil Service industrial action on some areas of the group's activities.

First-half results of Hanger Investments were likely to show some improvement over the corresponding period last year, Mr. P. D. Adams, chairman, told shareholders.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$475	—	—	3	46	1	65	$466.75
GOLD C	$500	4	17	—	—	—	—	"
GOLD C	$550	129	5.50	—	—	—	—	"
GOLD P	$450	12	9.50	—	—	—	—	"
GOLD P	$475	27	19	—	—	—	—	"
GOLD P	$500	29	34	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	5	6.50	—	—	—	—	F.276
ABN C	F.300	7	1	—	—	—	—	"
AKZO C	F.17.50	5	5.60	—	—	—	—	F.23
AKZO C	F.20	4	3.70	27	4.30	—	—	"
AKZO C	F.22.50	7	1.70	—	—	—	—	"
AKZO C	F.25	—	—	22	1.70	—	—	"
AKZO P	F.25	10	2.20 B	—	—	—	—	"
AMRO C	F.50	—	—	—	—	3	5.50	F.51.10
AMRO C	F.55	15	0.70	—	—	—	—	"
HEIN C	F.60	—	—	15	1.50	5	2.50	F.51.30
HEIN C	F.50	—	—	20	2.30	—	—	"
HOOG C	F.15	—	—	30	3	—	—	F.16.30
HOOG C	F.17.50	—	—	10	1.90	—	—	"
HOOG C	F.20	—	—	45	1	—	—	"
KLM C	F.100	15	38 A	—	—	—	—	F.136.50
KLM C	F.110	42	28	—	—	—	—	"
KLM C	F.120	107	20.50	—	—	—	—	"
KLM C	F.130	334	15	105	19 A	—	—	"
KLM C	F.140	339	10	35	14.50 A	—	—	"
KLM P	F.65	4	0.1	—	—	—	—	"
KLM P	F.90	—	—	10	1	—	—	"
KLM P	F.110	36	1.40	17	4.50	5	8.20	"
KLM P	F.120	150	3	—	—	—	—	"
KLM P	F.130	54	6 B	6	11	—	—	"
KLM P	F.140	43	11.30	—	—	—	—	"
NATN C	F.110	—	—	—	—	6	7.50	F.110
NATN C	F.115	—	—	5	4	—	—	"
NATN C	F.120	—	—	22	2.30	—	—	"
PHIL C	F.17.50	10	5.40	56	6	—	—	F.22.30
PHIL C	F.20	658	2.90	42	5.80	25	4.70	"
PHIL C	F.22.50	41	1	372	2.10	47	3	"
PHIL P	F.20	—	—	260	0.40	—	—	"
PHIL P	F.22.50	10	0.70	60	1	10	1.30 A	"
POLA C	$.25	8	5½	—	—	—	—	$30¼
PEUG C	F.160	—	—	8	5	—	—	F.138
RD C	F.90	6	4	21	6	—	—	F.89.10
RD C	F.95	149	2	—	—	—	—	"
RD C	F.100	8	1	41	2.90	12	5.10	"
RD P	F.90	31	3.70	10	5.80	—	—	"
RD P	F.95	80	7.60	—	—	—	—	"
RD P	F.100	20	12.50	106	13.50	—	—	"
UNIL C	F.150	10	4.50 A	21	6.50	—	—	F.146
UNIL C	F.160	10	1	7	3	17	4.30 A	"
UNIL P	F.140	5	2.50	—	—	—	—	"
		Aug.		Nov.		Feb.		
BASF C	DM.130	20	2.50	—	—	—	—	DM128.80
OCCI C	$30	3	2	—	—	—	—	—
SLUM C	$100	4	11	—	—	—	—	$106⅛
VW C	DM.170	—	—	4	2.50	—	—	DM157

TOTAL VOLUME IN CONTRACTS 4176

A=Asked B=Bid C=Call P=Put

SPAIN

May 27	Price %	+ or —
Banco Bilbao	302	
Banco Central	355	
Banco Exterior	292	+10
Banco Hispano	282	
Banco Ind. Cat.	123	
Banco Santander	330	— 3
Banco Urquijo	186	+ 4
Banco Vizcaya	319	
Banco Zaragoza	230	+ 3
Dragados	182	+ 4
Espanola Zinc	78	
Fecsa	67.5	
Gal. Preciados	50	+ 4
Hidrola	72	+ 1
Iberduero	60.2	+ 0.2
Petroleos	109.5	
Petroliber	92	+ 1
Sogefisa	73	— 6
Telefonica	66	
Union Elect.	71.7	

1980-81 High	1980-81 Low	Company	Last price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
78	39	Airsprung	72	— 1	4.7	6.5	11.4	15.8
52	21	Armitage and Rhodes	49	— 1	1.4	2.9	20.2	46.7
200	92½	Bardon Hill	200	—	9.7	4.9	7.5	12.8
104	88	Deborah Services	104	—	5.5	5.3	5.1	9.8
125	88	Frank Horsell	104	+ 1	6.4	6.2	3.3	6.0
110	39	Frederick Parker	59	—	1.7	2.9	25.7	—
110	64	George Blair	64	—	3.1	4.8	—	—
110	59	Jackson Group	103	—	6.9	6.7	3.9	8.0
129	103	James Burrough	129	+ 1	7.9	6.1	10.6	10.6
334	244	Robert Jenkins	320	—	31.3	9.8	—	—
75	50	Scruttons "A"	55	—	5.3	9.6	4.0	4.0
224	203	Torday	203	— 1	15.1	7.4	3.5	7.8
23	8	Twinlock Ord.	13¾	—	—	—	—	—
90	68	Twinlock 15% ULS	74	—	15.0	20.3	—	—
56	35	Unilock Holdings	44	—	3.0	6.8	6.8	16.7
103	81	Walter Alexander	101	—	5.7	5.6	5.6	8.9
263	181	W. S. Yeates	255	—	13.1	5.1	4.8	9.8

ABE agrees £1.86m bid for Hirst & Mallinson

Associated British Engineering has agreed terms with the Board of Hirst and Mallinson for a £1.86m bid for the catering and pharmaceuticals group.

The terms, which have been accepted by Grovewood Securities (H and M's largest shareholder with a 2 ; per cent stake) are the same as those originally offere by ABE last month — six ABE shares for every five M and H shares.

With the share price of ABE rising from 25.5p to 30p since then, the value of the offer per share has risen from 30.6p to 36p. There is a cash alternative of 28p per share.

The directors of H and M, advised by Charterhouse Japhet, say they consider the terms fair and reasonable. They intend to accept the offer in respect of their own beneficial holdings amounting to 0.45 per cent. Full acceptance of the offer would involve the issue of 6.2m ABBE shares.

ABE says the acquisition of H and M will represent a significant product diversification and will enable the combined group to develop in other related areas.

The Baord is confident the enlarged group will have the resources to develop the existing business and to produce a well-founded diverse and profitable group.

ABE's principal operating subsidiary, British Polar Engines, manufactures sells and repairs marine and land-based diesel engines from Glasgow.

For 1981, ABE estimates group profits before exceptional items and tax, will amount to not less than £520,000, compared with £149,000. In the first half of the current year profits rose from £31,000 to £225,000.

ABE intends to recommend a final dividend of 0.25p, making a total up from 0.125p to 0.5p.

Hirst reported a loss of £205.000 for the year ended October 31 1980 compared with a profit of £295,000.

Sunlight pays £2m for New Era

For a consideration of £2.12m Sunlight Service Group has acquired New Era Linen Services subject to shareholders' approval, the payment is to be met by £200,000 cash and the issue of 2m ordinary shares, which represents 16.9 per cent of the enlarged capital.

Principal activities of New Era are complementary to those of Sunlight and take in textile rental, dry cleaning and commercial and domestic laundry services, and are carried out in Greater London and South East England.

New Era had net tangible assets at March 28 1981 of £1.6m and its profit before tax for the 52 weeks ended on that date was £283,556.

Of the 2m shares issued as consideration, 1,345,000 have been placed with institutional clients and others. The new shares will not rank for the final dividend in respect of 1980.

BELHAVEN BREWERY

Mr. Eric Morley and his associates have exercised in full the option over 2.2m Belhaven Brewery Group ordinary 25p shares at 30p each. The £660,000 proceeds will be used to reduce group overdraft and will be available for the development of its businesses.

The 2.2m shares now being issued represent 10.5 per cent of the Belhaven capital, as enlarged by the present issue, and the issue of a total of 4,393,408 ordinary shares in respect of the acquisitions of Golden Sands Holiday Camp (Hopton-on-Sea), Denes Holiday Camp and two-thirds of the equity and all the loan stock of Miss World (Jersey).

BROWN SHIPLEY HAS 50.3% OF MEDENS

Brown Shipley and Co. announces on behalf of Brown Shipley Holdings that further irrevocable undertakings to accept the offer have been received from Medens shareholders since May 16, the date of the offer.

Undertakings have been received in respect of a total of 5,710.138 Medens' shares, which together with BSH's holding in Medens represent 50.3 per cent of the capital.

FLIGHT BUYS MORE STANLEY AVIATION

Flight Refuelling (Holdings) bought a further 71,461 common shares in Stanley Aviation Corporation on May 26 at US$24 cash per share, lifting its holding to 44.3 per cent.

LE VALLONET

The cash offer on behalf of Atlantis Resources to acquire shares in Le Vallonet closed at 3 pm yesterday. Acceptances of the offer have been received in respect of 17,013 shares.

Atlantis owned 1,366,000 shares (58.7 per cent) before the cash offer was announced on April 21, 1981 and has not acquired, or agreed to acquire, any shares in Le Vallonet since that date otherwise than pursuant to the cash offer.

PHILIP MORRIS ROTHMANS INTL.

Philip Morris Inc has completed its previously announced purchase of an interest in Rothmans International from Rembrandt Group.

CENTRE HOTELS DEB. EXCHANGE

Proposals have been formulated for an exchange of debenture stocks of Bass and Centre Hotels (Cranston). They are:

For each £1 nominal of Centre Hotels 7¼ per cent first mortgage debenture 1987-89, £1 nominal of Bass 8.65 per cent debenture 1987-89; for each £1 nominal of Centre 9¼ per cent first mortgage debenture 1996-99, £1 nominal of Bass 10.65 per cent debenture 1996-99.

A circular is to be sent out on or about June 12 and the effective date, if approved, will be July 10 it is stated.

Centre is a wholly-owned subsidiary of Coral Leisure Group, which was recently acquired by Bass.

Brocks Group £1m sell off

Peat Marwick and Mitchell, the Receiver for the Brocks Group of Companies, has sold the environmental testing businesses for around £1m.

Mr. Richard Agutter of Peat, said last night that Pern Engineering (Chatham) and Brocks Dynamics (Hastings) had been sold to AAA Industries of Tonbridge Wells for £311,000. Ling Electronics (Los Angeles) had sold to Mechanical Technology Inc of New York for around £600,000.

Pelco Electronics, a part of the Brocks Group which specialises in micro-processors, may soon be sold for around £100,000, according to Mr. Agutter.

The group's property assets at Poole are being placed on the market for £4.2m. Depending upon the sale of property, said Mr Agutter, it might be possible to return the remaining marine business to shareholders.

This business — Seafarer Navigation International — is trading profitably and could be returned to shareholders in future. Other options include a management buy-out of the business or a direct sale.

HENRY SYKES DISPOSAL

Henry Sykes has sold the capital of its subsidiary Lacy-Hulbert, manufacturer of vacuum pumps and air compressors, to Adwest, which has also acquired the 50,000 sq ft freehold factory occupied by Lacy at Beddington near Croydon.

The initial aggregate consideration for both transactions was £750.000 paid in cash on completion on Tuesday.

The consideration will be increased by up to £260,000 if the turnover of Lacy exceeds the agreed base levels of £1.37m in 1981 and £1.7m in 1982.

If turnover falls below these agreed levels then Henry Sykes will reimburse Adwest an amount up to £160,000.

At the end of last year, the book value of the Croydon factory was £532.000 and attributable net tangible assets of Lacy were £486.000. The net loss of Lacy in 1980 was £5.000 (before exceptional items of £76,000) on a turnover of £1.88m.

MOHEN . SELLS SMALL STAKE

Mr Jim Bentham, managing director of Mohen Group, formerly Kitchen Queen, the Manchester-based kitchen furniture specialist, has sold a 2.56 per cent stake in the company.

Mr Bentham, who together with Mr Len Morris bought 8.5m shares in the company from Mr Neville Johnson when he resigned as chairman in January 1980, has disposed of 1.110.000 shares which have been placed through the market with an institution. Mohen shares were unchanged at 27p yesterday.

SHARE STAKES

Erskine House Investment — P. D. Brown is now beneficially interested in 262,500 shares (8.26 per cent).

Guardian Investment Trust — Legal and General Assurance has disposed of 91.000 shares leaving holding 3.446 546 (6.84 per cent).

Management Agency and Music—P. ..J. ..A. .. Haglerigg, director, has disposed of 50.000 shares, leaving holding 37,564.

Belhaven Brewery—Mr. Vohmann, director, on April 23 sold 60,000 shares at 38p, leaving holding 1,324.

Grand Metropolitan—S. G. Grinstead, director, has sold 30,000 shares at 138p.

LONDON TRADED OPTIONS

May 27 Total Contracts 1967

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	42	3	52	—	70	—	384p
BP	390	24	1	38	—	52	—	„
BP	420	11	10	25	2	38	—	„
BP	500	1½	1	—	—	—	—	„
Com. Union	140	21	1	26	—	29	—	156p
Com. Union	160	9	1	15	52	17	—	„
Com. Union	180	2	1	7	—	10	—	„
Cons. Gold	500	35	1	50	—	65	—	506p
Courtaulds	50	19	2	22	2	—	—	„
Courtaulds	60	10	32	15	20	16	—	„
Courtaulds	70	5	9	8½	4	11	—	„
Courtaulds	80	2	24	5	—	6½	—	„
GEC	600	95	7	112	—	—	—	683p
GEC	650	53	1	73	10	100	—	„
GEC	700	19	4	45	26	70	—	„
Grand Met.	180	24	3	28	—	36	1	198p
Grand Met.	200	11½	102	17	3	24	—	„
Grand Met.	220	3	1	9	3	16	—	„
ICI	260	40	—	44	10	—	—	290p
ICI	280	24	3	32	—	42	—	„
ICI	300	13	151	22	3	33	3	„
ICI	330	6	58	13	2	23	—	„
Marks & Sp.	140	4	2	11	2	15	—	135p
Shell	390	20	22	30	—	42	—	384p
Shell	420	10	50	20	2	30	—	„
Shell	460	5	1	9	—	—	—	„
Shell	550	1	1	—	—	—	—	„
Totals			478		141		4	
		May		August		November		
Barclays Bk.	360	43	4	53	—	63	—	400p
Barclays Bk.	390	13	—	26	15	35	—	„
Barclays Bk.	420	½	13	15	4	20	—	„
Barclays Bk.	460	¼	11	6	—	10	—	„
Imperial Gp.	70	2	222	7½	—	9	—	73p
Imperial Gp.	80	½	80	3	111	4	—	„
Imperial Gp.	90	½	26	2	—	—	—	„
Lasmo	550	27	10	70	10	100	—	577p
Lasmo	600	½	6	47	—	75	—	„
Lasmo	650	½	21	30	10	55	—	„
Lasmo	700	½	8	15	—	32	—	„
Lasmo	750	½	9	6	2	—	—	„
Lasmo	800	½	20	3	—	—	—	„
Lonrho	90	1	79	9	—	12½	—	92p
Lonrho	100	¼	76	4½	—	7½	—	„
Lonrho	110	¼	96	2	7	5	—	„
Lonrho	120	¼	4	1½	—	40		„
P & O	120	13½	—	20	2	25½	—	133p
P & O	130	3½	8	14	—	18½	—	„
P & O	140	½	53	10	1	13	—	„
P & O	160	¼	79	4½	60	6½	—	„
P & O	180	¼	2	2	—	3	—	„
Racal Elec.	330	37	25	49	1	65	—	366p
Racal Elec.	360	7	230	29	4	46	—	„
Racal Elec.	390	¼	19	14	5	31	—	„
RTZ	460	—	—	100	3	115	—	528p
RTZ	494	30	12	—	—	—	—	„
Totals			1115		235		—	

Tronoh's lower tin profits

BY KENNETH MARSTON, MINING EDITOR

EARNINGS FOR 1980 of Malaya's Tronoh Mines have fallen sharply following the disposal of the company's 51 per cent stake in the Bidor Malaya tin-producing subsidiary. Net profits of Tronoh come out at M$8.26m (£1.7m), or 80 cents per share, compared with M$14.8m in 1979.

A final dividend is declared of 55 cents (11.4p) which makes a total for the year of 110 cents less tax at 40 per cent compared with 250 cents for 1979.

Although Tronoh received a slightly higher price for its tin concentrates during the year, production dropped to 1.17m kg from 2.15m kg.

Bidor Malaya ceased to be a subsidiary as from August 1 when it was merged with four other tin companies into the enlarged Malayan Tin Dredging. As a result of the deal Tronoh now has a holding of 4.83 per cent of Malayan Tin.

Shares of Tronoh lost 5p to 350p yesterday.

Natural gas flows from Newstead No. 2 well

The Newstead No. 2 well drilled in Queensland's Surat Basin has flowed natural gas at rates totalling 9.18m cubic feet a day. The gas flowed at 7.1 mcfd from the interval between 1,429.5 metres to 1,452 metres and at 2.08 mcfd from the interval between 1,402 metres to 1,425 metres.

Newstead 2 was drilled by a consortium comprising Hartogen Energy, Genoa Oil, Australian Aquitaine, each with a 25 per cent interest, and Cluff Oil (Australia) and Alliance Minerals, each with 12.5 per cent.

The above interests are subject to royalties of 10 per cent to the Queensland Government, 2.5 per cent to Moonie Oil, and 1.6 per cent to E. P. Noble and Associates, Australian Oil and Gas Corporation has a 10 per cent net profit interest.

Meanwhile Hartogen's 100 per cent owned Kincora 25 development well produced gas at the rate of 4.07 mcfd from the interval between 1,388 to 1,394 metres. The Queensland Government has a 10 per cent royalty in the well, Moonie Oil a 3.05 per cent royalty and E.P. Noble and Associates a 1.6 per cent royalty. Australian Oil and Gas has a 10 per cent net profit interest.

In the Perth Basin of Western Australia the Woodada No. 4 well has flowed gas at an estimated rate of 500.000 cubic feet a day, according to Strata Oil which has a 26.95 per cent interest in the Woodada gas discoveries.

No definitive rates or other details were given but Strata says definitive testing is anticipated in due course. The Woodada 4 well previously flowed gas at an estimated 50,000 cfd.

RTZ URANIUM SETTLEMENT COST £6M NET

Apart from dealing with political questions at yesterday's meeting of Rio Tinto-Zinc the chairman, Sir Anthony Tuke, disclosed that the recent settlement of the uranium litigation brought against the group and others by America's Westinghouse Electric and the Tennessee Valley Authority would cost RTZ a net amount after tax of approximately £6m. The group's net attributable profit last year was £155.4m.

Inevitably, Sir Anthony was asked to comment on the recent spate of take-over rumours. He replied that he had no reason to believe that there was any foundation in them. He added that no take-over approach had been made to RTZ and that he had no knowldge of any likely approaches.

RTZ shares closed 4p easier at 526p yesterday.

Share comment from Canada

THE CANADIAN investment house Levesque Beaubien, in reviewing the Canadian metals and minerals scene continues to lay emphasis on those companies which are expanding production, possess some degree of diversification and have proven management.

The investment house puts Alcan, Noranda and Texasgulf into this category and it recommends Placer and Teck among the more junior, but possibly more aggressive, companies. It is pointed out that the continuing trend of lower base metal earnings provides share buying opportunities.

Of the gold producers, Dome is recommended both for its gold operations and for the participation in Dome Petroleum which provided 47 per cent of the former's earnings last year. Agnico-Eagle is cited as offering gold and silver production together with an aggressive exploration effort.

Among what are described as the speculative issues, Levesque Beaubien favours Kiena Gold Mines and Cadillac Explorations. Purchases are recommended of Sudbury Contact Mines (under the same management as Agnico-Eagle) as an attractive exploration play.

ROUND-UP

Western Australia's leading retail jeweller, Caris Corporation, which is 50 per cent-owned by Western Continental Corporation, is taking a 7.5 per cent interest in the Kanowna district of the Coolgardie gold field.

* * *

The Gold Medal of the Institution of Mining and Metallurgy for 1980 has been awarded to Professor Marston Greig Fleming, BSc, PhD, FEng, FIMM, in recognition of his outstanding contributions to the science and practice of mineral technology and his distinguished services to education, the mining and metallurgical profession, the Institution of Mining and Metallurgy and the Council of Mining and Metallurgical Institutions.

* * *

Amoco Minerals, a unit of Standard Oil of Indiana, is to seek offers for the sale of its 63 per cent interest in the Vancouver-based lead-zinc-silver producing Cyprus Anvil Mining. Approval for the transfer of the Cyprus Anvil interest to America's Amoco has not yet been received from the Canadian Foreign Investment Review Agency and because of this it has been decided to sell the investment.

* * *

The Australian offshoot of the French petroleum group, Total has laid the foundations for a more concerted push into local mineral projects with the formation of a new subsidiary, Total Energy Development Australia.

The new company intends to seek investment opportunities in several areas of resource development at this stage is concentrating on entry into coal projects.

* * *

South Africa's Rand Mines Properties proposes to sell 270 hectares of land to the south-west of Johanesburg for a national sports centre. A sale price of R13m (£7.4m) has been discussed and sharesholders will be advised of the relevant details when all outstanding issues have been resolved.

Companies and Markets

UK COMPANY NEWS

Coats compares shiftwork costs

A COMPARISON of labour costs between Coats Patons companies in the UK and U.S. highlights shift working as a particular British problem.

In his last annual report as chairman Mr. Bill Henry points out that if the group's UK labour costs per hour are taken as 100, for the U.S. company on a single shift the rate is 117, on a double shift 98 and on a treble shift 96.

"Bearing in mind that industry, when faced with re-equipment, would prefer to operate on a three-shift basis, this is a serious disadvantage. The same pattern in varying degrees occurs in all other countries in which we operate," he comments. Coats manufactures in 30 countries.

As reported May 14 for 1980 Coats pre-tax profit improved to £65.95m (£63.53m) and the net total dividend is being held at 4p per 25p share. Sales were marginally up at £689m (£684m) with export content at £61m (£49m).

An analysis of trading profit of £66.4m (£66.08m) and sales by activity shows with £000s omitted: home sewing products £18,981 (£14,583) and £104,541 (£109,468); embroidery, hand-knittings and crafts £19,175 (£21,238) and £154,506 (£153,898); industrial thread and fasteners £15,657 (£16,881) and £149,311 (£160,012); industrial yarns and fabrics £2,478 (£3,218) and £84,784 (£84,287), garments £6,522 (£5,749) and £159,605 (£141,361) and non-textiles £3,587 (£4,407) and £36,676 (£34,623).

The directors say that closure of traditional customers of the yarns and fabrics division continues to put pressure on the group to develop new products to supply less import sensitive sectors. Results of this policy are expected to begin coming through towards the end of the current year.

At the end of 1980 group cash was up at £24.87m (£16.84m) and bank overdrafts £40.44m (£46.2m).

Meeting, Glasgow, June 19, at noon.

Today's company meetings

Alva Investment Trust, 24, Blythswood Square, Glasgow, 12.30. Ayrshire Metal Products, Church Street, Irvine, Ayrshire, 4.00. BICC, 21, Bloomsbury Street, WC, 12.00. Baird (William), Central Hotel, Gordon Street, Glasgow, 12.00. Bestwood, 8, St Bride Street, EC, 12.00. Blackwood Hodge, Dorchester Hotel, Park Lane, W, 12.30. Bowthorpe Holdings, Gatwick Road, Crawley, West Sussex, 12.00. Brent Chemicals International, Skyline Hotel, Bath Road, Hayes, Middlesex, 12.00. Charterhouse Group, Plaisterers' Hall, 1, London Wall, EC, 12.00. Dhamai Holdings, 17, Melville Street, Edinburgh, 9.30. Feb International, Albany House, Swinton Hall Road, Swinton, Manchester, 10.30. Freemans (London SW9), Connaught Rooms, Great Queen Street, WC, 12.00. General and Commercial Investment Trust, 1, Brewer's Green, Buckingham Gate, SW, 11.45. General Investors and Trustees, 1, Laurence Pountney Hill, EC, 12.00. Greens Economiser, Connaught Rooms, Great Queen Street, WC, 12.00. Harris Queensway, Harris House, 76, High Street, Orpington, Kent, 11.00. KCA International, May Fair Hotel, Stratton Street, W, 3.30. Marlborough Property, Howard Hotel, Temple Place, WC, 11.30. Menzies (John), The Merchants Hall, 22, Hanover Street, Edinburgh, 12.15. Minet Holdings, Abercorn Rooms, Liverpool Street, EC, 12.00. Newarthill Imperial Hotel, Russell Square, WC, 12.30. Prudential Corporation, 142, Holborn Bars, EC, 12.15. Queens Moat Houses, Shepperton Moat House, Felix Lane, Shepperton, Middlesex, 12.00. Quick (H. and J.), 660, Chester Road, Old Trafford, Manchester, 11.00. Singlo Group, Empire House, 123, Kennington Road, SE, 10.00. Standard Chartered Bank, Connaught Rooms, Great Queen Street, WC, 12.00.

£0.66m for Allied London

IN THE half year to the end of December 1980 Allied London Properties made a pre-tax profit of £656,219 compared with £579,340 in the same period previously.

The directors of this property investment company have declared an interim dividend of 0.25p (0.225p adjusted for scrip issue) per 10p share. Last year a total of 1.1875p (adjusted) was paid.

They say they are of the opinion that group profit for the year will be in excess of the previous year.

M & G Group expands

TRADING revenue of M and G Group, unit trust manager, moved ahead from £2.81m to £4.28m for the six months ended March 31 1981 and profits, before tax, came out at £1.96m, compared with £1.16m.

After tax of £781,000 (£437,000) earnings per 25p share are shown as 13.1p (8.1p) and the group returns to the interim dividend list with a 5p net payment. The directors expect to *recommend a final of not less than 5p*—last year's final was 10p.

Funds under management, as at March 31, were split as to: unit trusts managed by M and G £801m (£720m at September 30 1980); M and G Life Assurance and Friendly Society funds £245m (£221m); unit trusts administered by M and G £93m (£95m); offshore funds and investment trust companies £106m (£97m); pension funds, charities and other clients £168m (£146m).

The directors state that group profits do not accrue evenly throughout the year, and that figures do not take into account the results of the life assurance activities.

Lord Swann has been appointed a director.

See Lex, Back Page

Advance at Chemical Co. of Malaysia

Chemical Company of Malaysia, a member of the ICI group of companies, said it was facing difficult trading conditions despite an encouraging first half.

For the six months to the end of March 1981 its pre-tax profit rose 16 per cent to 10.8m ringgit. After tax the profit, of 8.6m ringgit, was 72 per cent better due to a 2.7m ringgit write-back of an over-provision in last year's accounts.

But the company said conditions remain difficult. Demand for fertilisers and chemicals from the plantation industry is down due to soft commodity prices, competition elsewhere is keen, while the 60 per cent increase in electricity charges last December has caused a significant increase in production costs.

CCM is maintaining an unchanged interim dividend of 20 per cent, saying earnings for the full year are expected to be below the 20.1m ringgit pre-tax profit of last year.

North British Steel Group lifts interim

Taxable profits of North British Steel Group (Holdings), steel founder and engineer, increased from £105,000 to £202,000 for the 28 weeks to April 11 1981 on sales up £1.8m to £7.83m.

The directors have declared an increased interim dividend of 0.71p (0.66p). In the previous full year the group paid a net total dividend of 2.023p on pre-tax profits of £296,000.

Stated earnings per 25p share doubled to 4p after nil tax (same).

Yearlings total £12.75m

Yearling bonds totalling £12.75m at 13 per cent redeemable on June 2, 1982 have been issued this week by the following local authorities:—

Midlothian DC (£1.25m); Basildon DC (£0.5m); Castle Morpeth DC (£0.25m); Crawley BC (£0.5m); Lichfield DC (£0.25m); Windsor and Maidenhead (Royal Borough of) (£0.5m); Hyndburn (Borough of) (£0.2m); Mendip DC (£0.5m); Ogwr BC (£0.55m); Redbridge (London Borough of) (£0.5m); Reigate and Banstead (Borough of) (£0.5m); South Buckinghamshire DC (£0.25m); West Lancashire DC (£0.25m); Lambeth (London Borough of) (£0.5m); Manchester (City of) (£0.5m); Sandwell (Metropolitan Borough of) (£0.5m); Gateshead (Borough Council of) (£0.5m); Lothian Regional Council (£1m); Adur DC (£0.5m); Cardiff (City of) (£1m); Chester-Le-Street DC (£0.5m); Cumnock and Doon Valley DC (£0.5m); Northampton BC (£0.75m); Redditch DC (£0.5m).

BRIT. DREDGING

British Dredging's rights issue has been taken up as to 91 per cent and the balance has been sold at a premium. Equity Capital for Industry has subscribed for a further 2m shares, in line with the original terms whereby ECI would underwrite the issue and also buy new shares to give itself at least a 12½ per cent stake. Thus British Dredging has raised £1.236m—the maximum amount under the scheme.

Halfway loss increases at Caravans International

Pre-tax losses of Caravans International increased from £302,000 to £311,300 for the six months to the end of February 1981 on sales down from £38.29m to £36.73m.

The interim dividend has again been omitted. In the last full year, the net total dividend payment was 0.1p.

The directors say that, as forecast in the last annual report, the prevailing economic conditions and high interest rates coupled with the continued strength of the pound and heavy discount selling by competitors made trading conditions extremely difficult for the group's UK and other European subsidiaries.

For the remaining six months of this year, the interest burden has been reduced by the receipt of the proceeds from the sale of a 51 per cent stake in the South African subsidiary.

The directors say that despite there being little evidence of any general improvement in economic conditions and having regard to the seasonal nature of the business, the group will not incur any significant loss in the second half.

They believe that, subject to any extraordinary items, the *group's results for the full year* will be broadly similar to those for the first half.

The loss was struck after depreciation of £335,200 (£363,000), and increased interest charges of £966,500 (£638,300).

Tax took £814,000 (£238,900) and the loss attributable to shareholders was £679,000 (£1.19m) after minority interests of £562,200 (£292,400) and an extraordinary credit of £1.01m (debit £356,300).

The extraordinary items consist of £36,500 for the cost of closing the marketing subsidiary and £1.05m profit realised on the sale of the group's 51 per cent stake in its South African subsidiary.

The results of the former South African subsidiary for the period September 1 1980 to January 26 1981 were: sales £11.3m; pre-tax profits £1.94m; tax £797,000; and minority interests £562,000. An attributable profit of £585,100 has been included in the results of Caravans International.

● comment

It looks as though Caravans International has now reached the *bottom of the trough* and therefore can travel only in one direction. The UK and European divisions cost the group around £2.3m (including interest) in the six month period, a loss only mitigated by the last of the South African earnings. After subtracting attributable losses, CI's net worth is down to £9.5m, against net borrowings of around £7m. But the board now hopes to break even in the second half, containing the 1981 pre-tax loss at around the £300,000 mark. At 27p, down 1p yesterday, the shares must be compared with a net asset value of 112p, but directors' shareholdings are sizeable and the company does not look like it is about to change hands. The interim dividend has been passed for the second year in a row and shareholders would be optimistic to expect anything beyond a nominal final payment.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Sir Joseph Causton, Greenall Whitley.

Finals—Allied Leather Industries, Henry Ansbacher, British Syphon, Brunning, Buckley's Brewery, Chapman (Balham), Courtaulds, Extel, Findlay Hardware, Helical Bar, International Paint, Maurice James, London Sumatra Plantations, M and G Second Dual Trust, Normand Electrical, Property and Reversionary Investment, Pyramid (Publishers), Tranwood, UBM, Young and Co's Brewery.

FUTURE DATES

Interims:—

Heavitree Brewery	June 1
Hickson and Welch	June 4
Scottish American Investment	June 24

Finals:—

Beechwood Construction	June 15
Bishop's Stores	June 5
Carless Capel and Leonard	June 2
Castings	June 4
Glossop (W. and J.)	June 3
Lesney Products	June 1
St. John D'el Rey Mining	June 3
Sangers	June 1

INVESTMENT TRUSTS

New Throgmorton lifts payment

Revenue before tax of the New Throgmorton Trust slipped from £1.22m to £1.16m for the *year to the end of March 1981* in spite of being up from £552,619 to £585,272 at the interim stage.

The directors have, however, proposed an increased final dividend of 1p, making a net total payment of 2p for the year against 1.8p last time.

Gross revenue included inter-company interest from a subsidiary of £48,456 (£62,298).

Stated earnings per 25p share emerged lower at 2.038p (2.116p) after tax of £358,146 against £391,789. The net asset value per share increased more than 68 per cent from 178.4p to 299.97p.

Dividends absorbed £782,698 (£704,426), leaving retained revenue transferred to reserves of £15,123 (£145).

LDN. PRUDENTIAL

Revenue before tax of the London Prudential Investment Trust climbed from £421,677 to £466,980 for the year to the end of April 1981 after deductions for interest and expenses totalling £60,267 compared with £55,391.

A final dividend of 2.6p has been proposed, making a net total payment for the year of 4.85p (4.5p).

Earnings per 25p share emerged up at 4.96p (4.72p) after tax of £169,496 (£138,761). Net asset value per share increased from 109.7p to 147.5p.

JERSEY GENERAL

The net asset value per £1 share of Jersey General Investment Trust showed an increase in the year to April 30 1981 from 317p to 420p. Profits advanced from £839,979 to £954,923.

The final gross dividend is raised from 9.5p to 12p for a total of 20p (16.5p).

A one-for-one scrip issue is proposed.

LONDON ATLANTIC

After-tax profits of the London Atlantic Investment Trust went ahead from £546,086 to £582,830 in the year to March 31 1981.

The dividend is increased to 4.75p (4.5p) with a final of 3p. Earnings are shown up from 4.79p to 5.11p per 25p share and the net asset value has increased from 98.5p to 116.7p.

MONKS INVEST.

Revenue of Monks Investment Trust for the year to April 30 1981 was marginally lower at £2.93m, against £2.99m, before tax of £1.01m, compared with £1.04m. Net asset value at year end jumped from 68.5p to 100.6p.

Stated earnings per 25p share emerged at 2.47p (2.51p) and a net final dividend of 1.3p leaves the total at 2.4p—a 0.15p special payment was included last time.

WITAN DOWN

Taxable income of Witan Investment Company fell from £7.43m to £6.11m for the year to the end of April 1981.

The directors have proposed a one-for-one scrip issue and declared a final dividend of 2.15p, making a net total payment of 3.75p for the year against 3.5p last time.

Stated earnings per 25p share were 3.76p (3.76p including a special dividend of 0.37p). The net asset value increased from 134.4p to 201.6p.

UK COMPANY NEWS

Record year for Jackson Group

DESPITE a further decline in the total amount of business available and intensification of competition, Jackson Group reports record sales and earnings for 1980. Pre-tax profits rose from £674,194 to £780,255, and turnover was up from £14.6m to £17m.

Mr. F. Jackson, chairman of this civil and mechanical engineer, says that while it is too early to make any forecast for the current year, work in hand is at the highest level in the group's history. The results for 1980 give grounds for optimism about the future, he says.

After tax, minorities and extraordinary items, attributable profits were slightly lower at £...,658 compared with £657,035. The final dividend is increased from 2.75p to 2.8p for a total of ... net (4.2p). Dividends absorb £41,794 (£33,687), leaving retained profits at £600,64... (£...23,348). Stated earnings per share have increased from 2...3p to 31.8p.

The group's shares are traded in the market made by M. J. H. Nightingale and Company.

In construction, the group's main activity, turnover went up and margins improved during the year, says Mr. Jackson. This more than offset the static level of sales in divisions providing services to industry.

Roadworks (1952), the civil engineering division, continues to counter the downward trend of the public works industry by increasing its throughput and maintaining or improving margins on its contracts. The chairman says this division now has a substantial order book which includes a £5m bypass contract.

Anglia Plant Company was directly affected by short-time working, destocking and shutdowns by many of its customers. Throughput slightly exceeded the 1979 level, but was insufficient to absorb increased costs.

Anglia Pneumatics, with its dependence on the manufacturing industry, had to contend with falling demand throughout the year. Sales were held at the previous year's level, and a small loss resulted.

At the year-end, shareholders' funds amounted to £3.9m (£3.3m).

On a CCA basis, net profits were £440,000 (£406,000).

Australian group buys ACC stake

AN AUSTRALIAN TV and radio group has acquired a stake in Associated Communications Corporation, the TV and show-business group headed by Lord Grade.

ACC, which recently sold its Ansafone subsidiary for £13.5m cash, yesterday disclosed that TVW Enterprises of Western Australia had acquired 2,715,000 "A" ordinary shares in the company. This represents just over 5 per cent of that class, which has not voting power. At yesterday's price of 60p this stake is worth £1.63m.

TVW, which was formed in 1958, was the first company to be granted a commercial television licence to operate in Perth. Mr Robert Holmes a'Court, the West Australian businessman who heads the Bell Group, has a shareholding in the company, which also operates radio stations in Western Australia and cinemas in shopping centres under the name of Cinema City.

FLOYD OIL

The recent two-for-seven rights issue by Floyd Oil Participations has been accepted in respect of 71.7 per cent of the 3m new shares offered at 98p a share. The remaining shares were sold in the market at an average net price of 98.2p per share.

EXCHEQUER STOCK

The Treasury will make no conversion offer in respect of holdings of 3 per cent exchequer stock 1981, according to the Bank of England. This stock will be redeemed at par on August 21 1981. Redemption request forms will be issued on June 24.

Ecclesiastical's record bonuses

RECORD BONUS rates have been announced by the Ecclesiastical Insurance Office for the three years ending February 1981. For assurances and other contracts in the life fund, the reversionary bonus rate is improved by 10p to £4.60 per cent per annum of the basic benefit and attaching bonuses.

In addition, the company is paying a terminal bonus for the first time on claims. The initial rate for policies in force at least 10 years is 10 per cent on the sum assured and attaching bonuses. Previously, the company declared special reversionary bonuses from time to time.

On personal pension contracts and other policies in the pension fund, the reversionary bonus rate is maintained at £6 per cent per annum compound.

RESULTS AND ACCOUNTS IN BRIEF

JOURDIN AND PEACOCK (cash and carry wholesaler)—Results for January 1981 53-week period reported May 14. Group fixed assets £15.81m (£13.94m), net current assets £15.32m (£10.49m), shareholders' funds £29 19m (£24.19m). Meeting, Richmond Hill Hotel, Richmond, June 13, 11.00 am.

BLOCKLEYS (manufacturer of high quality building products)—Results for 1980 reported on May 1. Shareholders' funds £2.89m (£3.13m); fixed assets £...75m (£1.25m) net current assets £1.48m (£1.34m). CCA loss £32,832 (£26,246 profit). Meeting, Telford, Shropshire, on June 17 at noon.

TELEPHONE RENTALS—Results for 1980 reported May 6. Group fixed assets £47.72m (£43.65m). Net current assets £5.26m (£4.77m). Shareholders funds £51.38m (£47.57m). Increase in liquid resources £2.09m (£345,000 decrease). CCA profit £6.65m (£12.43m historic). Chairman expects some improvement in current year. Meeting, Bletchley, Milton Keynes, Bucks, June 16, 12.30 pm.

JOHN LEWIS PARTNERSHIP (department stores and Waitrose supermarkets)—Results for year to the end of January 1981 reported on March 14. Fixed assets £238.83m (£147.62m); net current assets £47.79m (£45.75m); share capital, accumulated profits and other retentions £245 53m (£154 97m). Chairman says the group is looking for some improvement in retail trading in the autumn to help cover the opening costs of the Bristol department store and the building costs of the Peterborough store. Meeting, 4 Old Cavendish Street, W1 on June 17 at 12.30 pm.

GERRARD AND SHAXSON (banker)—Results for year ended April 30, 1981 already known. Shareholders' funds £7.63m (£7 28m). Secured loans £287...m (£236.87m). Creditors, deposits and contingencies reserve £13.9 (£13.74m). Treasury bills, bank bills and trade bills, less rebate £252 (£226 23m). Meeting, 52 Cornhill, EC, June 11, noon.

...MER AND LUMB (HOLDINGS) (worsted spinner)—Results for year to March 29 1981 reported May 14. Shareholders' funds £8.92m (£6.89m). Net current assets £4.78m (£3.35m). Fixed assets £5.43m (£5.59m). Cash and bank balances up £1 19m (£1.7m down). Meeting, Bradford, June 18, at 3.30 pm.

HARRISONS, LE CATTO AND CO. (plantations, ...cals)—Results for 14 months to December 1980 reported May 1. ...e fixed assets £28.54m (£9.56m). Net current assets £5 64m (£4.29m). Shareholders' funds £25.41m (£12.91m). Meeting, Brown's Hotel, W, June 18.

ATLAS ELECTRIC AND GENERAL TRUST (investment trust)—Results for year to March 31 1981 reported on ... 15. Investments, Britain £100.98m (£...37m), overseas £32.95m (£23 83m); listed £4 69m (£1.89m). Net current assets £2 93m (£1.21m): bank balances and short-term deposits £4.6m (£3 73m). Meeting, Mermaid House, 2 Puddle Dock, EC, June 11, 3 15 pm.

ROHAN GROUP (industrial estate developer and building contractor)—At AGM Mr J. S Rohan, chairman, said the recent rights issue had resulted in shareholders taking up 98 per cent of those shares offered. He added that investments in industrial buildings in the half year to June 1981 would increase by around £1.6m at cost and rental income at the end of the ... would be approaching £1m on ... annual basis.

COATES BROS. AND CO. (printing inks, coatings, chemicals) — Results for 1980 reported March 27 1981. Group fixed assets £29 18m (£25.58), net current assets £22 94m (£22.32m), shareholders' funds £48.52m (£43 34m). CCA profit £3 15m (£7.48m historic). Meeting, Stationers' Hall, EC, June 12 at 11 30 am.

FRANCIS INDUSTRIES (packaging and industrial products group) — Results for 1980 already known. Shareholders' funds £12 23m (£11.21m): fixed assets £7 26m (£6.7m): net current assets £6.24m (£5 98m). Meeting, Great Eastern Hotel, EC, June 4, at noon.

FIRST CASTLE ELECTRONICS — Results for year to end January 1981 reported April 29. Shareholders funds £1.11m (£1 43m): fixed assets £1.09m (£912,628): net current assets £1.7m (£839,039) including cash and bank balances £673,022 (£394,558) and bank overdraft £763,880 (£713,148): bank loan £...030 (£233,133). Increase in working capital £964,423 (£352,952). Meeting, Liverpool, June 12, 11.45 am.

SHILOH SPINNERS—Results for year ended March 28 1981 reported April ... with prospects. Group shareholders' funds £2 09m (£2.27m). Net current assets £1 02m (£1.35m). Fixed assets £...07m (£1.03m). Working capital decreased £373,231 (£20,001 increase). Meeting, Royton, June 17, 11.30 am.

BRUNTONS (MUSSELBURGH) (steel wire manufacturer)—Results for 1980 reported April 3. Pre-tax profit £1 65m (£1.52m) reduced to £793,757 on CCA basis; shareholders funds £7.44m (£7.09m); net current assets £4.72m (£4.5m); fixed assets £2.72m (£2.52m): increase in liquid funds £1 03m (£415,000 decrease). Meeting: Musselburgh, June 11, noon.

BRITISH - BORNEO PETROLEUM SYNDICATE—Results for year ended March 3 1981 reported May 15. Shareholders' funds £3.67m (£3.49m). net current liabilities £1.07m (£408,725). UK listed investments £3 44m (£2.95m) overseas £256,188 (£311,753) unlisted £5,216 (£9,797)—Stock Exchange valuation £4 57m (£11.85m). Meeting, Winchester House, EC, June 17, noon.

WORMALDS, WALKER AND ATKINSON (woollen textile manufacturer)—Results for year to end February 1981: turnover £3.07m (£3.88m); pre-tax loss £223,756 (£98,512 loss) after interest £106,587 (£96,405); tax nil (same); extraordinary credits £46,717 (£53,613); stated loss per 25p share 7.11p (3.16p loss). Board says trading conditions failed to improve in second half and there was some turnover reduction due to major customer destocking. Manning at all levels has been further reduced but productive capacity has been maintained.

SIMON ENGINEERING (plant contracting, food machinery, chemicals, oil trading and storage group)—Results for 1980 reported on April 28. Fixed assets £48.14m (£45.84m); net current assets £41.52m (£37.95m); shareholders' funds £73.46m (£56.98m). Meeting, Stockport, June 15 at noon.

SUNLIGHT SERVICE GROUP (laundries and office cleaning)—Results for 1980 reported April 29. Shareholders' funds £6.44m (£6.61m). Fixed assets £7.06m (£5.29m). Total assets £16.66m (£11.82m). Current assets £6.12m (£3.94m): Current liabilities £7.99m (£4.7m). Meeting, London Westbury, W, June 12, noon.

DOLLAR LAND HOLDINGS—Results for 1980 already known. Shareholders' funds £4.09m (same). Current assets £274,871 (£259,526). Current liabilities £61,519 (£66,937). Increase in liquid funds £36,189 (£28,284 decrease). Meeting, Winchester House, EC, June 15, noon.

WILLIAM PICKLES AND CO. (textile manufacturer)—Results for 1980 and prospects reported May 12. Shareholders' funds £5.1m (£6.23m). Fixed assets £2.83m (£2.39m). Net current assets £2.75m (£4.66m). Bank overdraft (secured) £2.98m (£4.49m). Working capital down £1.92m (£0.56m). Meeting, Manchester, June 25, 10.30 am.

HAMMERSON PROPERTY AND INVESTMENT TRUST (property investment and development)—Results for 1980 reported May 2. Properties at cost £232.9m (£25.13m). Shareholders' funds £61.66m (£48.99m). Short-term borrowings £44.64m (£58.08m). Long-term loan capital £128.62m (£135.51m). Chairman's emoluments £40,000 (£26,703). Meeting, 100 Park Lane, W, June 15, noon.

ESTATE DUTIES INVESTMENT TRUST—Results for year to March 31, 1981, already known. Investments £26.71m (£23.89m). Current assets £654,915 (£2.03m) including deposits £0.33m (£1.65m). Current liabilities £1.64m (£1.54m). Shareholders' funds £25.73m (£23.88m). Loan capital (secured) nil £0.5m. Liquid funds decreased £1.48m (£0.39m increase). Meeting, The Skinners' Hall, EC, June 23, 12.15 pm.

BODYCOTE INTERNATIONAL (industrial clothing, textiles, metal treatment)—Results for 1980 reported April 29. Fixed assets £7.84m (£8.4m). Shareholders' funds £9.53m (£12.34m). Loans £3.04m (£3.65m). Net current assets £5.13m (£7.82m) Meeting, Manchester, June 19, 12.30 pm.

WINTERBOTTOM ENERGY TRUST—Net asset value per share at close on May 22, 1981, 76.6p after deduction of prior charges at par, and 79.3p after deduction of prior charges at market value.

SECURITIES TRUST OF SCOTLAND—Results for year to end March, reported April 16. Shareholders' funds £61.47m (£45.89m); investments at market value £68.8m (£50.93m); cash on deposit £1.01m (£3.22m); debentures and loans £7.96m (£8.95m); decrease in liquid funds £1.25m (£2.03m). Meeting: Edinburgh, June 17, noon.

CITY & COMMERCIAL INVESTMENT TRUST—Net asset value, per capital share at April 30, 1981, 369¾p (311½p at January 31, 1981).

LAMONT HOLDINGS (investment holding company)—Results for 1980 reported May 6. Shareholders' funds £6.67m (£2.06m); loans £1.74m (£642,000); fixed assets £5.35m (£1.07m); net current assets £1.72m (£83,000) including stocks £2.72m (£802,000), debtors £2.41m (£552,000), creditors £2.743m (£911,000) and bank overdrafts and loans £1.15m (£437,000); decrease in net liquid funds £228,000 (£301,000 increase). Meeting, Edinburgh, June 18, 10.45 am.

KWIK-FIT (Tyres and Exhaust) (HOLDINGS)—Results for 1980 reported on May 22, 1981. Shareholders' funds £14.13m (£14.24m); current assets £13.64m (£12.82m), including cash at bank and on deposit £3.7m (£107,398); current liabilities £9.61m (£12.11m), including bank overdrafts £136,383 (£1.45m); trade investment £120,900 (£226,234). The directors consider that an opportunity exists in the market to extend the present range of products and services offered to the motorist. It is planned to set up a number of pilot centres in key locations dealing exclusively with steering parts, replacement and servicing. Meeting, Great Eastern Hotel, EC, June 18, at noon.

RICHARDSONS, WESTGARTH (engineer and steel stockholder)—Results for 1980 reported April 23. Shareholders' funds £11.69m (£11.36m), fixed assets £5.44m (£4.64m), net current assets £8.14m (£9.79m) including cash £99,348 (£136,326) and bank overdrafts £1.19m (£732,148). The auditors point out that the write-off of £1.16m to reduce the book value of a dry docks and refitting bay to the amount of the directors' valuation has been charged directly to reserves: to comply with SSAP 6 this should have been charged as an extraordinary item in the profit and loss account. Meeting, Royal Westminster Hotel, SW1, June 17 at noon.

FRENCH KIER HOLDINGS (construction and property group)—Results for 1980, reported on May 6. Shareholders' funds £37.65m (£28.04m); fixed assets £26.69m (£24.71m); current assets £60.06m (£62.81m), including debtors £26.23m (£30.1m); current liabilities £46.04m (£50.86m). Meeting, Waldorf Hotel, Aldwych, WC, June 19, at noon.

MOTHERCARE (childrens wear store group)—Results for year to March 27, 1981, reported May 6. Shareholders' funds £51.41m (£46.54m); fixed assets £43.52m (£40.32m); net curent assets £5.41m (£3.23m): decrease in working capital £879,000 (£641,000). Meeting, Old Broad Street, EC, June 25, 11.00 am.

DAVID SCOTT GROUP (footwear manufacturer and distributor)—Results for year to January 31, 1981 reported on April 25. Shareholders' funds £3.04m (£3.11m); fixed assets £1.23m (same); net current assets £2.02m (£2.07m). The board intends to continue its policy of planned diversification. Mr. H. D. Bugby held 324,100 ordinary shares (7.05 per cent) at April 23, 1981. Meeting, Crick, Northants, June 19, at noon.

CITY OF OXFORD INVESTMENT TRUST—Results for year to end March 1981 reported May 14. Shareholders' funds £5.58m (£4.2m); listed investments £5.62m (£4.76m); unlisted investments £55,500 (£2,500); current assets £577,611 (£371,382); current liabilities £170,158 (£431,093); increase in liquidity £447,621 (£184,894 decrease). Meeting: 41 Bishopsgate, EC, June 17, noon.

USHER-WALKER (printing inks and rollers)—Results for 1980 reported May 14. Shareholders' funds £2.67m (£2.4m); loans £219,974 (nil); fixed assets £1.55m (£1.23m); net current assets £1.35m (£1.18m). Meeting, Connaught Rooms, WC, June 18, noon.

MILLS MARKETING SERVICES — Results for 1980 already known. Shareholders' funds £976,388 (£742,684); loan £328,238 (nil); fixed assets £1.03m (£143,906); net current assets £434,752 (£570,976).

JOHN MOWLEM AND COMPANY (construction and mechanical engineer)—Results for 1980 reported May 1. Shareholders' funds £35.8m (£33.84m), net current assets £11.92m (£5.85m) including deposits, bank and cash £12.35m (£4.42m) and overdrafts and loans £4.58m (£1.64m). Meeting, Brentford, June 17 at 10.30 am.

S. W. FARMER GROUP (structural steelwork)—Results for 1980 reported March 10. Group fixed assets £3.06m (£2.5m). Net current assets £3.3m (£2.69m). Shareholders' funds £4.96m (£3.58m). Bank balances decreased by £330,000 (£1.18m). Meeting, Founders Hall, EC, June 12, noon.

VIKING RESOURCES TRUST—Results for year ended March 31, 1981 reported April 29. Investments at valuation £93.48m (£23.3m) includes £36.52m (£14.16m) overseas. Net current assets £3,409 (£880,791 liabilities). Unrealised appreciation £9.34m (£4.93m). Meeting, Abercorn Rooms, EC, June 15, noon.

UNIVERSITY LIFE ASSURANCE SOCIETY—Results for 1980 already known. Net current assets £1.01m (£1.1m). Meeting, 4, Coleman Street, June 16, 12.45 pm.

DORANAKANDE RUBBER ESTATES (investments in Malaysian Peninsular estates)—Results for 1980: final dividend 2p (same) per 10p share making 3p (2.75p): pre-tax profit £46,507 (£41,273) including share from associated companies £6,690 (£6,051); tax £12,269 (£10,842); compensation received from Sri Lanka for nationalisation of estate in 1975 £3,554 (£3,698): stated earnings per share 4.51p (4.03p).

SCOTTISH AND NORTHERN INVESTMENT TRUST—Results for year to end March 1981 reported April 28. UK listed investments £40.76m (£35.98m): overseas listed investments £29.23m (£18.43m); unlisted investments £8.56m (£7.14m): sterling loan £2m (same): heritable properties £1.41m (same); foreign currency loans £1.82m (£3.5m): increase in liquidity £1.35m (£782,000). Meeting: Aberdeen, June 19, 12.15 pm.

GEORGE WIMPEY (civil engineer)—Results for 1980 reported May 1. Shareholders' funds £339.09m (£292.27m), net current assets £233.26m (£238.24m), including bank balances and cash £26.71m (£13.58m) and overdrafts £13.79m (£34.8m). CCA pre-tax profits £27.3m (historic £54.9m). Meeting, Royal Garden Hotel, W8, June 22 at noon.

SMITH ST. AUBYN AND COMPANY (HOLDINGS) (discount broker and banker)—Results for year to April 5, 1981 already known. Listed investments, British Government, £308.42m (£165.65m). British Corporation and Commonwealth stocks and bonds, £727,605 (£489,387), other securities, £20.4m (£21.48m); loans and amounts receivable, £13.66m (£5.19m); bills discounted £211.32m (£204.71m); current liabilities, £594.25m (£417.88m), including loans (secured), £542.38m (£374.59m); shareholders' funds £9.25m (£7.3m). Meeting, White Lion Court, Cornhill, EC, June 17, at noon.

HELENE OF LONDON (manufacturer of fashion and leisure wear)—Results for 1980 reported on April 15. Shareholders' funds £3.84m (£4.84m); fixed assets £1.11m (£874,283); net current liabilities £3.28m (£4.29m). Pre-tax profits of £1.13m (£1.71m) were reduced to £932,000 (£1.5m) after current cost adjustments. Meeting, Great Eastern Hotel, Liverpool Street, EC, on June 23, at noon.

BISHOPSGATE TRUST—Results for year ended March 31, 1981, already known. Shareholders' funds £28.56m (£20.86m). Investment £31.97m (£23.3m). Unrealised appreciation £12.19m (£6.09m) increase in liquidity £201,000 (£1.19m). Meeting, 41 Bishopsgate, EC, June 22, 2.30 pm.

Preussag income advances strongly

By Our Financial Staff

PREUSSAG, THE major West German industrial group, is confident of maintaining earnings this year following gains of more than 70 per cent to DM 75.6m at the net level in 1980.

Weak selling prices and restructuring costs continue to weigh heavily on profit margins on the metals side, but the general buoyancy of the energy, transport and chemicals divisions is acting as an effective counterbalance.

As a reult "our earnings situation has become stable" and Preussag should emerge from 1981 with earnings similar to last year, the company explained to the annual Press conference in Hanover.

Earlier this month it was announced that the dividend was going up to DM 6 a share from DM 3.50—to the obvious benefit to Preussag's major shareholder, the troubled credit institution Westdeutsche Landesbank.

In 1981 capital spending will reach DM 295m, up from DM 230m, and will concentrate on metals, oil and chemicals.

Looking into the middle term, Preussag plans to increase its annual capital expenditure to between DM 300m and DM 330m in 1982. "Our liquidity has considerably improved, so that we can finance a higher investment volume without problems," it said.

In the first quarter of 1981, a sharp sales drop in the metals division caused group turnover to decline to DM 939.2m from DM 942.1m. First-quarter metal sales tumbled to DM 264.2m from DM 417.8m.

Amalgamated Metal of the UK, in which Preussag holds a 79.4 per cent interest, predicted a loss for zinc operations for at least the next two years.

Preussag's coal operations made a positive contribution to group turnover in 1980, while the energy related operations, including coal, oil and natural gas operations, saw sales increase to DM 1.4bn from DM 1.3bn in 1970.

The transportation operations, including a sea-going fleet totalling 92 ships, also saw growth in 1980 with group turnover rising to DM 424m from DM 353m. Increased offshore oil exploration would continue to stimulate growth in charter and supply shipping in 1981.

Deere sales and earnings down in second quarter

BY DAVID LASCELLES IN NEW YORK

DEERE and Company, the large farm and construction equipment maker which has seen its markets badly affected by the current economic climate, reported a slight decline in sales and profits for the second quarter yesterday.

While it is uncertain about the outlook for the remainder of the year, "we are encouraged by the fact that we have remained financially sound during the past year of economic turmoil," Mr William A. Hewitt, the chairman, said, apparently in reference to the woes of competitors,

Net income was $90.7m, or $1.38 a share, down from $92.9m, or $1.52 in the corresponding period last year. Sales were down from $1.54bn to $1.47bn. This brought Deere's six-month earnings to $128.6m, or $1.98 a share, compared with the $155.6m, or $2.55 a share, it earned in the first half of 1980.

Mr. Hewitt said the latest quarter's net income showed an improvement over the three previous fiscal quarters, though operating results were hit by lower physical sales volumes, particularly of industrial equipment, and high interest rates.

He said Deere would increase its manufacturing activity slightly in the second half of this year to meet improved demand for farm machinery in the North American market. But construction equipment and overseas markets were likely to remain depressed by recession.

Mr Hewitt added: "As the general economy and markets for our products improve, we believe we are well-positioned to take advantage of the opportunities for an expanded farm and construction equipment business."

Conoco holders rush to Dome

BY OUR FINANCIAL STAFF

SHAREHOLDERS OF Conoco, the U.S. oil and coal group, have offered more than 53m shares, or about 48 per cent of total capital, under Dome Petroleum's $65 a share tender offer.

Dome, a Canadian oil and gas explorer, was seeking a minimum of 14m and a maximum of 22m shares under its offer, with the intention of offering the shares back to Conoco in return for its 52.9 per cent stake in Hudson's Bay Oil and Gas, another Canadian-based oil exploration concern. Dome did not reveal how many shares it intended taking up.

The tender has been opposed by Conoco, although yesterday a Federal court in Oklahoma denied a Conoco request for an injunction against Dome's offer.

Conoco has proposed alterations to its by-laws which will restrict voting and sale rights of foreign owned shares as a means of discouraging Dome, which if it takes up the maximum 22 m shares it said it would buy would hold 20 per cent of the company.

The U.S. company, which ranks as the ninth largest oil U.S. oil group and the second largest coal producer, has also begun talks with six other Canadian group's on the sale of Hudson's Bay Oil and Gas, saying it wanted to be paid in cash.

Dome has said that if Conoco accepts shares in itself instead of cash it would not face taxation of the capital gain, whereas it could face a tax charge of up to $400m if it accepted the equivalent amount in cash. The 13 per cent stake would cost Dome $910m.

Nissan to spend $400m in Mexico expansion plan

BY OUR MEXICO CORRESPONDENT

NISSAN, THE Japanese motor group, is to spend $400m on a four-year expansion programme aimed at turning its Mexican operation into a centre supplying both North and South America.

Nissan does not plan any other investments in the Latin American region, although it already has a small assembly plant in Peru. The company plans both to export assembled vehicles from Mexico to the rest of Latin America and to ship engines and stamped parts for assembly at the truck plant it is to build at Nashville, Tennessee.

Nissan Mexicana's exports of engines will receive the generous subsidies being offered under Mexico's industrial development programme. Thus, while helping the Mexican balance of payments, the company will be helping itself at the same time.

In its 10th year in Mexico, Nissan is still lingering in fourth or fifth position among the local car makers, well behind the big U.S. companies such as Chrysler and Ford, whose large models still sell well in a country where petrol costs only some 40 cents a gallon.

Secondary offer of Apple shares begins

By Our Financial Staff

THE SECONDARY offering of shares in Apple Computer, the California-based maker of small, personal computers, began yesterday with more shares being put up for sale than originally planned.

The 2.6m shares, against the 2.25m proposed earlier this month, are being offered at $31.25 each, in line with the current market price but up from the $26 level at which they were trading when the offering was first announced. Apple has issued 55.2m shares so far.

Germans pay $102m for Ashland Coal stake

By Our New York Correspondent

SAARBERGWERKE, the West German coal mining concern, is to buy a 25 per cent stake in Ashland Coal, a subsidiary of Ashland Oil, for $102.5m. Other European companies are also reported to be negotiating to buy part of the company.

Ashland Oil had previously announced that it was negotiating with two European companies for the sale of about 40 per cent of Ashland Coal for some $164m. At the time it did not identify the companies. But Ashland said yesterday that the second company had decided not to proceed with the transaction.

The other European companies negotiating for a stake were not identified yesterday either.

Ashland Coal, one of the largest coal companies in the U.S., sold 5.5m tons of coal last year and earned $6.6m on revenues of $185m. Its coal operations are mainly in the Kentucky and West Virginia coal mining areas.

Ashland Oil, the largest independent oil company in the U.S., is in the throes of a major strategic reorientation in which it is pulling out of primary fuel production to concentrate on refining and marketing. However, its profits have been badly hit by the weakness of the oil products market.

Profit growth continues for Canadian banks

By Robert Gibbens in Montreal

SECOND QUARTER results of the major Canadian chartered banks indicate that higher profits trend in fiscal 1981 is continuing.

Bank of Nova Scotia reported earnings of C$56.1m (U.S.$46.5m) or $1.21 a share against C$51m or $1.10 a share a year earlier on revenues of C$1.51bn against C$1.26bn.

For the first six months earnings were C$116.7m or $2.52 a share against C$100m or $2.16. Revenues were C$2.9bn against C$2.34bn. Assets at April 30 were C$45.6bn against C$39.9bn a year earlier.

Bank of Montreal, the country's third largest bank, earned C$85.4m or C$1.53 a share in second quarter against C$62.6m or C$1.25 year earlier on revenues of C$1.8bn against C$1.2bn.

Six-months' earnings were C$173.9m or C$3.12 a share against C$124.6m or C$2.52 on revenues C$3.5bn against C$2.3bn. Assets on April 30 were C$56.4bn against C$42bn a year earlier.

Bank of British Columbia of Vancouver, earned C$8.2m or C$4.83 a share in first half against C$3.8m or C$2.50 a share on revenues C$189m against C$144m. Assets were C$2.6bn against C$2bn.

Northland Bank of Edmonton, one of the newest chartered banks, earned C$2.1m or C$1.37 a share in first half against C$483,000 or 56 cents year earlier. Assets on April 30 were C$352m against C$190m.

● Some foreign banks will leave Canada within a couple of years, shaken out by a highly competitive market as they struggle to build an asset base, Mr. William Mulholland, president of the Bank of Montreal, said in Calgary.

The survivors will be limited to business development activity due to Bank Act restrictions limiting the pool of deposits on which they can draw, he added.

The Bank Act limits the total assets of foreign banks to 8 per cent of the overall banking asset base in Canada, under revisions which became law late last year.

Foreign banks being chartered in Canada will play a limited role, he said. And there is virtually no chance that they will set up branches to serve individual depositors and consumer borrowers.

This operational imbalance and mandated financial restrictions will lead the foreign banks to cement relations with established Canadian banks, he said.

AMERICAN QUARTERLIES

CARTER HAWLEY HALE	1981 $	1980 $
First quarter		
Revenue	601.2m	540.4m
Net profits	6.1m	6.1m
Net per share	0.21	0.21

MOLSON COMPANIES	1980 C$	1979 C
Year		
Revenue	1.62bn	1.4bn
Net profits	39.9m	50.9m
Net per share	2.84	3.65

ROTHMANS OF PALL MALL, CANADA	1980-81 C$	1979-80 C$
Fourth quarter		
Revenue	220.4m	—
Net profits	5.0m	3.7m
Net per share	0.83	0.51
Year		
Revenue	998.9m	887.8m
Net profits	35.5m	27.1m
Net per share	6.11	4.77

TOYS R US	1981-82 $	1980-81 $
First quarter		
Revenue	97.3m	70.2m
Net profits	618,000	†193,000
Net per share	0.04	†0.02

† Loss

One-month moratorium on D-Mark issues planned

BY OUR EUROMARKETS STAFF

WEST GERMAN banks are not planning to bring any new issues in the D-Mark foreign bond market over the next month. The decision to leave the market in abeyance was taken at yesterday's meeting of the capital markets' subcommittee.

An excepton may be made for an issue by Deutsche Bank for the European Investment Bank, but this is by no means certain. The absence of any new bonds during the period, which runs until June 22, would mean a seven-week gap in new issue activity.

The last issue, a DM 100m offering by Belgelcetric, was launched on May 4 and since then five issues have been postponed.

The effective moratorium is in sharp contrast to last week's flood of activity in the dollar sector. German investors believe, however, that the Government's heavy domestic borrowing requirement may drive D-Mark rates still higher and potential foreign buyers are deterred by the continuing weakness of the currency. According to bankers few borrowers are prepared to pay the rates which would be needed to gain acceptance in the present climate.

D-Mark international bonds fell around ½ point in secondary market trading yesterday, while fixed interest dollar Eurobonds shed ¼ point in light trading.

New dollar - denominated issues included a $50m, three-year 15½ per cent bond for Wells Fargo which was priced at 99½ per cent by lead managers Morgan Stanley. The issue, which is classified as a "bought deal" because it is being offered on these fixed terms, was apparently meeting a good reception in the market last night.

Meanwhile, Grupo Industrial Alfa of Mexico is expected to launch a $70m seven-year floating rate note through Credit Suisse First Boston later today.

Expected terms provide for an interest margin of ¼ per cent over three month Libor and a minimum coupon of 10 per cent.

The $50m five-year issue for Hiram Walker Holdings was priced at par with a coupon of 16 per cent last night by lead manager S. G. Warburg.

There were no major changes in prices of Swiss franc foreign bonds. Belgelectric, which was the last borrower to tap the Deutsche Mark sector, decided to postpone a SwFr 10m 10-year public issue because of the relatively high coupon it would have had to pay.

In the Netherlands, Centrale Rabobank has issued Fl 0m of five-year Euroguilder notes on its own behalf. The coupon is 12 per cent and price 9½ per cent, giving a yield of 12¼ per cent.

Kredietbank Luxembourgoise has arranged a LuxFr 250 five-year private placement for Renault Acceptance BV. The coupon is 13¾ per cent.

Korea credit Page 3

Voest in microprocessor deal

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S LARGEST company, the nationalised Voest-Alpine steel and engineering concern, has signed an agreement with the American Mycrosystems of California on setting up a joint production plant in Austria to produce metal oxide semiconductors and large integrated circuits for the European market.

The plant, to be built in the province of Styria, should have a production staff of 400 and could go into operation by the end of 1983.

Final agreement is subject to approval both by the supervisory board of Voest and the board of Oeiag, the holding company for the Austrian nationalised industries.

The project involves design, research and development as well as marketing. It is understood that the $50m investment by Voest will include it taking a 3.5 per cent interest in the U.S. concern.

The move marks a major step in the diversification of Voest, which has been badly hit by the depression in the steel industry. Herr Heribert Apfalter, the chairman and managing director, said that sales setbacks threatened 10,000 of the 79,000 jobs in the Voest-Alpine group. Last year Voest posted a loss of around Sch [illegible]bn (about $65m), Herr Apfalter said. Voest-Alpine had a total turnover of Sch 35bn last year while group turnover reached Sch 57bn.

In view of the current position of the steel industry, it is unlikely that either of the boards involved will raise objections to the deal.

Voest is already co-operating with International Business Machines.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday June 11. Closing prices on May 2[illegible]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	100	100¾	−0⅛	+0⅞	15.09
Amoco 13¾ 88	75	94⅛	94⅝	0	+1⅞	14.58
CIBC 14½ 84	185	98⅜	98⅝	−0⅛	+0⅛	15.18
CNE 12¾ 91	100	88	88½	−0⅛	+1⅛	15.10
Citicorp O/S Fin. 10 88	300	84⅛	84⅝	−0⅛	+1⅞	14.53
Citicorp O/S Fin. 12 87	200	89⅛	89⅞	−0⅛	+2⅛	14.56
Con. Illinois O/S 9¾ 86	150	81⅝	82⅛	−0⅛	+0½	15.08
Dupont Canada 13½ 91	65	94¼	94¾	−0⅛	+2	14.56
EEC 11 95 (August)	70	77⅛	77⅝	−0⅛	−0⅛	14.90
EIB 12¾ 89	75	88⅞	89⅜	−0⅛	+1⅛	15.19
Eldorado 13¾ 86	50	93⅛	93⅝	+0⅛	+0½	15.25
Elec. de France 10 88	125	79	79½	0	+1⅛	14.92
Elec. de France 13 88	125	91⅜	92¼	+0⅛	+1⅛	14.93
Export Dv. Cpn. 9½ 86	150	81⅜	81⅞	+0½	+1	15.27
Fed. Bs. D. 12¾ 85 (N)	50	91¼	91¾	−0⅛	+0⅞	14.92
Fin. Exp. Credit 10½ 86	50	83⅞	84⅜	−0⅛	+0⅝	16.08
Finland, Rep. of 9½ 86	100	79⅜	79⅞	0	+0⅛	15.84
Ford Credit O/S 14⅝ 83	150	97⅝	98⅛	−0⅛	+0⅝	15.58
Ford Cr. O/S Fin. 16 84	150	102	102½	−0⅛	+1⅛	14.83
Gaz de France 13½ 86	80	95⅛	95⅝	0	+0⅛	14.84
GMAC O/S Fin. 12 87	100	87⅞	88⅜	+0½	+1½	14.88
GMAC O/S Fin. 12⅞ 88	100	90⅝	91⅛	−0⅛	+1⅛	15.06
Gen. Mtrs. O/S 11⅜ 87	100	87⅞	88⅜	+0⅛	+1⅜	14.69
Genstar 14¾ 91	50	98¼	98¾	+0⅛	+0⅞	15.03
GTE Fin. 13⅝ 86 (WW)	50	95	95½	+2	+0⅛	15.14
Hudson's Bay 11½ 90	75	83⅜	83⅞	0	+2	14.90
IBM Wld. Trade 12½ 88	200	96⅛	96⅝	−0⅛	+1⅞	13.31
Newfoundland 13½ 90	60	91⅛	91⅝	−0⅛	+1⅛	15.32
Nova Scotia 10¾ 90	50	80	80½	−0⅛	+0⅞	14.81
OKB 10 85	50	84⅞	85⅜	−0⅛	+0⅛	15.06
Ontario Hydro 13½ 91	100	93¾	94¼	+1⅛	+1½	14.66
Quebec Hydro 11½ 92	100	80⅝	81⅛	−0⅛	+1⅞	15.16
Queb. Hy. 13 91 (WW)	100	88⅝	89⅛	+0⅛	+0⅞	15.23
Royal Bk. Canada 14 86	100	96⅞	97⅜	−0⅛	+1⅛	14.84
SNCF 12¾ 85	50	92⅝	93⅛	+0⅛	+0⅛	14.87
SNCF 13 91	75	90⅛	90⅝	+0⅛	+0⅛	14.67
Sth. California Ed. 14 87	50	96¼	96¾	−0½	+0⅛	14.90
Svan Handelsbk. 13⅝ 88	45	92¼	92¾	−0⅛	+0⅛	15.58
Sweden 12⅞ 86	150	90⅝	91⅛	−0⅛	+0⅞	15.37
Swed. Ex. Credit 12 83	50	92¼	92¾	−0⅛	+0⅛	15.97
Swed. Ex. Credit 13 86	75	90	90½	−0⅛	−0⅛	16.07
Toronto-Dom. Bk. 14 84	50	96⅝	97⅛	−0⅛	+1⅛	16.38
Tribune O/S Fin. 14 86	50	95⅜	95⅞	−0⅛	+0⅞	15.30
World Bank 9¾ 85	200	84⅜	84⅞	0	+0½	15.08
World Bank 10¼ 87	300	81⅝	82⅛	−0½	+0⅛	15.01

Average price changes... On day −0⅛ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97¼	98	0	+0½	10.39
Austria, Rep. of 8¾ 92	150	84⅞	85⅝	−1⅛	−2	10.52
CECA 7¾ 92	150	†86¼	87	+0⅛	−0¼	9.89
CECA 10 91	120	†98¼	99	−0⅛	−0⅛	10.21
CII-Honeywell 8⅝ 90	125	†88¼	89	−0⅛	−1½	10.34
Council of Europe 10 91	100	97¼	98	−0⅛	−1⅛	10.39
EIB 8½ 90	200	87½	88¼	−0⅛	−1½	10.58
EIB 10½ 91	200	†99½	100¼	−0⅛	−0⅞	10.51
ESCOM 9¾ 87	100	91	91¾	+0⅛	+0⅛	11.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

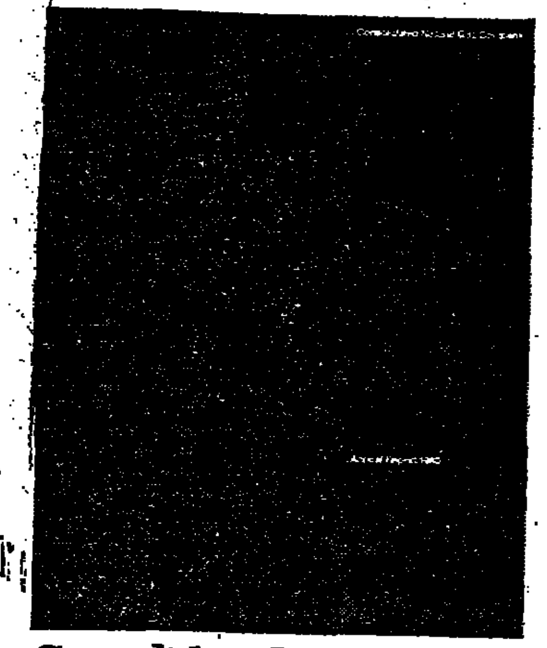
[illegible]

These twelve Annual Reports represent the second page of a 3-part series, designed to keep you informed on major North American companies.

Part 3 will appear Friday.

North American Companies

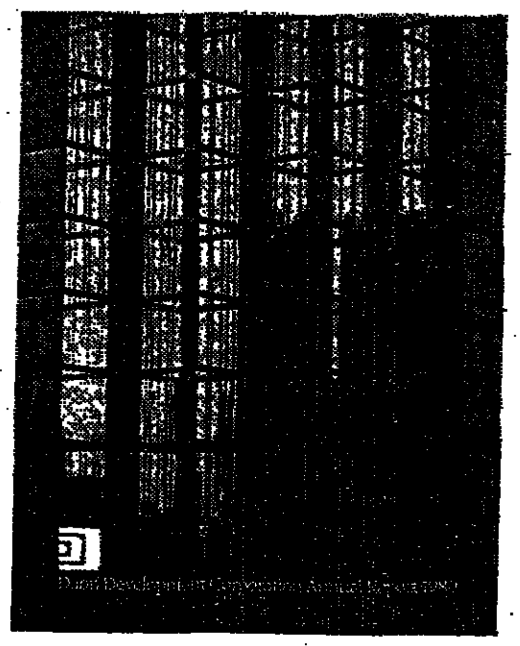
Investors Update 2



Consolidated Natural Gas Company

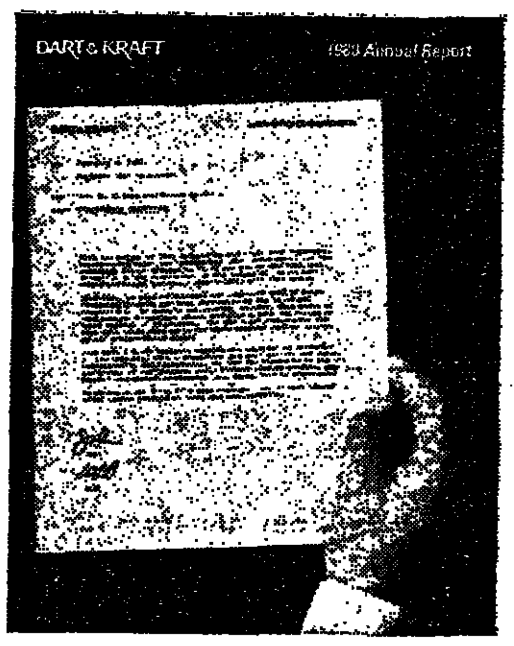
Consolidated operates one of the largest fully-integrated, natural gas systems in the U.S.

Its exploration and production operations provide an increasingly significant part of the company's earnings. Earnings of $118.5 million, or $5.73 a common share, represent the second best full-year earnings in the company's history. Increased Gulf of Mexico production contributed $1.46 a share or one quarter of the company's income. The dividend was increased to an annual rate of $3.52 a share.



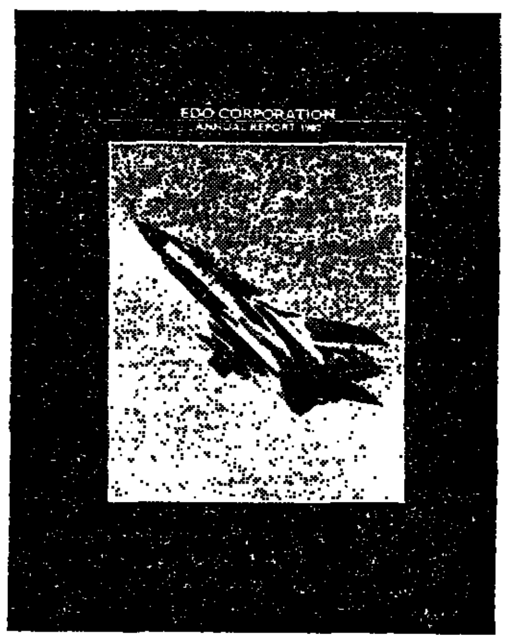
Daon Development Corporation

Daon is one of the largest public real estate investment and development companies in North America, operating in Western Canada and, through Daon Corporation, a wholly-owned subsidiary, in the United States. The company is engaged in many aspects of the real estate industry including the acquisition and development of office buildings, shopping centres, industrial parks and residential income properties; the acquisition and subdivision of land; and the development of residential housing, primarily condominiums.



Dart & Kraft, Inc.

Dart & Kraft, Inc., formed through the September 1980 merger of Dart Industries and Kraft, is a leading diversified company with a strong consumer orientation. Earnings have grown consistently over the last five years at a 12-percent average annual rate. 1980 net income was $383 million or $7.03 per share. Sales were $9.4 billion. The company's major businesses including such well-known brand names as KRAFT food products; TUPPERWARE quality, plastic food containers; DURACELL high-performance batteries; HOBART commercial food equipment; and KITCHENAID appliances have leading positions in markets that are growing faster than-industry norms.



EDO Corporation

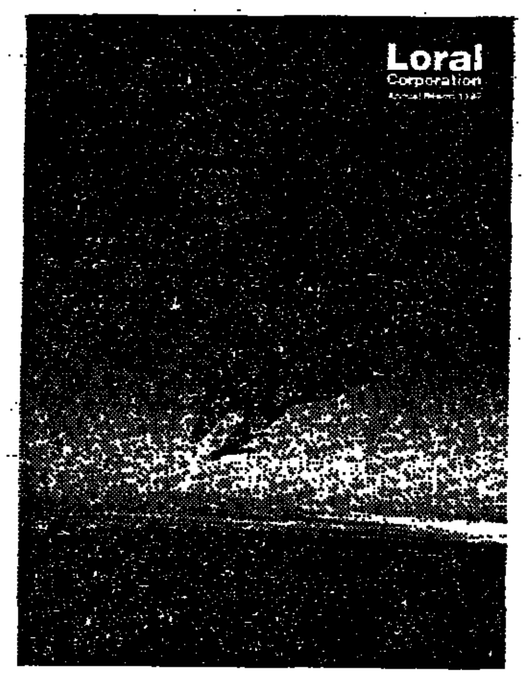
EDO produces electronic and specialized equipment for military, general aviation, marine and industrial markets. Principal products: sonar equipment; mine countermeasure systems; aircraft stores ejection mechanisms; flight instruments, control systems for general aviation; piezoelectric ceramic components: acoustic and video scanning systems; fiber-reinforced composite components for aircraft. World-wide markets. $97-million sales produced $2.5-million net earnings in 1980. EPS: $1.08; Div. $.40 (ASE)

INA Corporation

INA Corporation, founded in 1792, has worldwide operations in property-casualty insurance, life insurance, health care and investment management. In 1980, net operating income increased 14% to record $293 million, or $7.11 per share, for a 16.5% return on equity. Cash dividends paid increased 14% to $2.20 per share. The current annual rate is $2.40 per share. Year-end equity was $8 billion, or $46.20 per share.

Lifemark Corporation

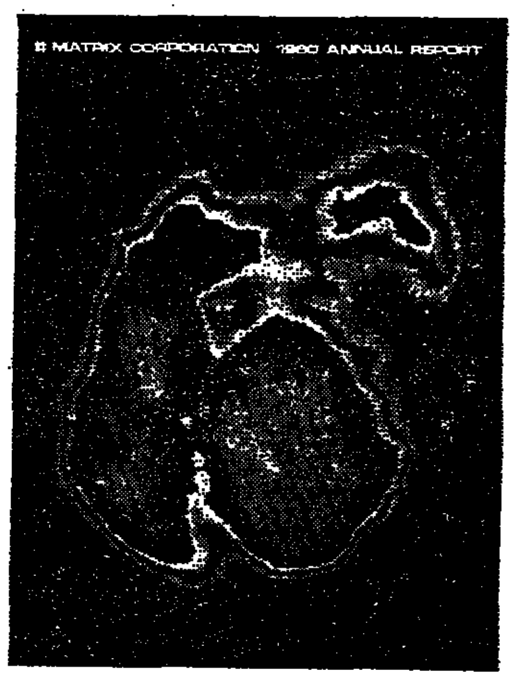
Lifemark owns and operates general acute care hospitals, and offers services to hospitals including total facility and ancillary services management. Lifemark also operates alcoholism recovery units, emergency care centers, and dental laboratories. During the past five years, revenues, net income and earnings per share (all from continuing operations) have grown at compounded annual rates of 27%, 51% and 42% respectively.



Loral Corporation

Electronic warfare is rapidly becoming an integral part of the defense systems of all western countries. Loral Corporation is now the leading supplier of this highly sophisticated electronic gear to both the United States and its NATO partners.

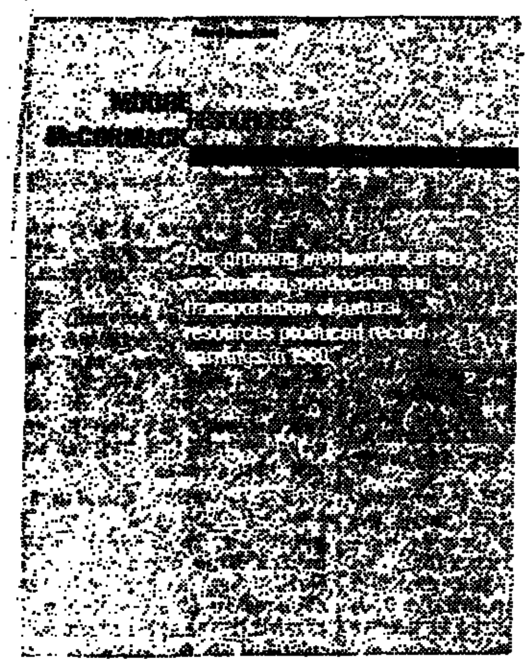
The company's technological and marketing progress have been accompanied by impressive financial performance. Loral's sales and profits have set new records in each of the last seven years and its backlog of firm orders exceeds $300 million, also an all-time high. The continuation of Loral's increasing performance is virtually assured by its large and diverse portfolio of long-term EW programs.



Matrix Corporation

Leading manufacturers of precision multiple-format imaging camera systems for diagnostic medical applications. Also manufactures the Color Graphic Camera System for color computer graphics hard copy. ASE: MAX

	Sales	Net Income ($ in 000's)	EPS
1980	$19,571	$1,858	$.97
1979	13,947	1,165	.77
1978	5,736	180	.18
1977	3,750	86	.13
1976	3,009	(98)	(.15)



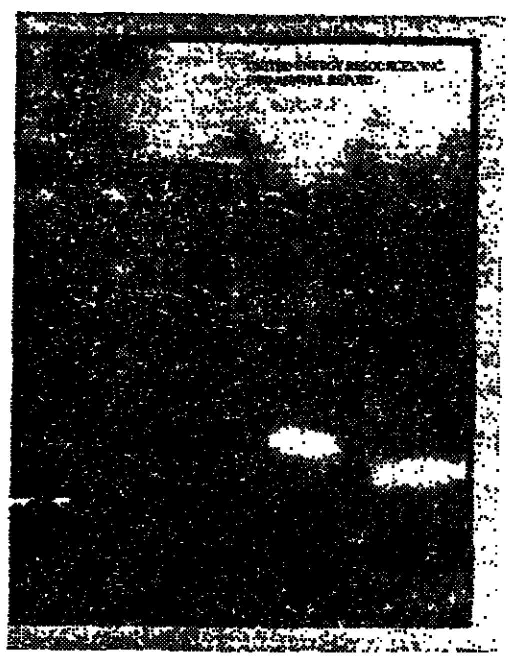
Moore McCormack Resources, Inc.

Our cover says it all: "Our growing involvement in the exploration, production and transportation of natural resources produced record earnings in 1980." Profits of $8.25 per share topped 1979's record by 16 percent. Our growth was broad-based, with cement, oil and gas, cargo liner, bulk transportation, coal and iron ore operations all contributing to our earnings picture.

Northwest Energy Company

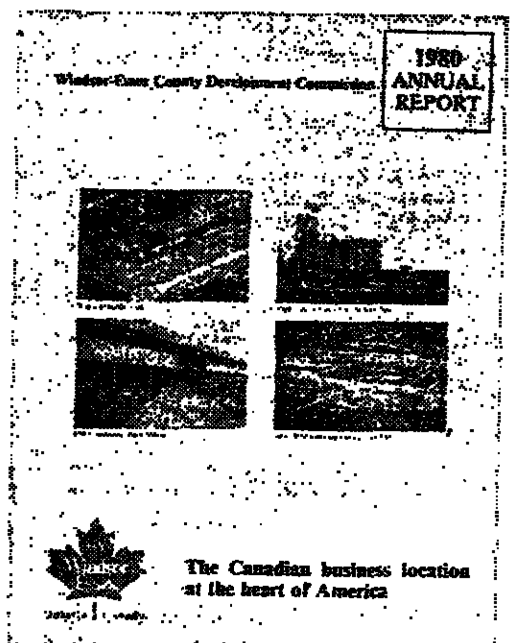
Northwest Energy Company, through subsidiaries, supplies natural gas to eight western states, is operating partner for the group which will construct the Alaskan segment of the Alaska Highway Pipeline Project, is developing natural gas and oil reserves and western coal resources.

Year Ended December 31, 1980		
Operating Revenues	Net Income	Per share
$1.3 billion	$51,300,000	$3.23



United Energy Resources, Inc.

United Energy Resources, Inc. achieved record levels in net income, earnings per share and operating revenues for the sixth consecutive year in 1980. Net income was $165.5 million in operating revenues of $4.1 billion, compared with net income of $111.7 million on $3.1 billion in operating revenues in 1979. Per share earnings in 1980 were up 40% over 1979. The company's stock is listed on the London, New York and Pacific Stock Exchanges.



Windsor-Essex County Development Commission

Windsor, Ontario led Canada's metropolitan centres in per capita new manufacturing investment in 1980. Windsor's billion dollars in new manufacturing investment includes 30 new plants and more than 50 expansions, keeping Windsor on the leading edge of industrial technology worldwide. New opportunities have been created for service businesses, commercial development and office industry in a pleasantly livable city next door to a market as big as Toronto and Montreal combined.

Please send me the following Annual Reports.

- ☐ 13 Consolidated Natural Gas Company
- ☐ 14 Daon Development Corporation
- ☐ 15 Dart & Kraft, Inc.
- ☐ 16 EDO Corporation
- ☐ 17 INA Corporation
- ☐ 18 Lifemark Corporation
- ☐ 19 Loral Corporation
- ☐ 20 Matrix Corporation
- ☐ 21 Moore McCormack Resources, Inc.
- ☐ 22 Northwest Energy Company
- ☐ 23 United Energy Resources, Inc.
- ☐ 24 Windsor-Essex County Development Commission

I also want these Annual Reports, featured May 27.

- ☐ 01 Alcan Aluminium Limited
- ☐ 02 AMP Incorporated
- ☐ 03 Borg-Warner Corporation
- ☐ 04 Crum and Forster
- ☐ 05 Holiday Inns, Inc.
- ☐ 06 Hospital Corporation of America
- ☐ 07 International Multifoods Corporation
- ☐ 08 IU International
- ☐ 09 Nabisco, Inc.
- ☐ 10 Panhandle Eastern
- ☐ 11 Peoples Energy Corporation
- ☐ 12 SmithKline Corporation

Name

Position

Company

Address

Please return coupon by August 1, 1981

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HIGHER INTEREST RATES RESTRICT GROWTH

Margins hit at Japanese traders

BY RICHARD C. HANSON IN TOKYO

JAPAN'S BIG trading houses reported moderate increases in sales turnover during the year ended March 31 but profits were held down by higher interest rates and sluggish business conditions in Japan and abroad.

Mitsubishi Corporation, the largest of the traders, had a 15.5 per cent rise in turnover to a record Y13,937bn ($62.21bn). Net profit, however, showed only a modest 5.8 per cent gain to Y20.46bn ($91.34m) and operating profits were down 8.2 per cent.

Mitsubishi's performance was fairly typical of the other trading houses. High interest rates in Japan raised net interest expenses by Y30bn over the previous year, cutting into gains in trading profits. The appreciation of the yen over the year (by about 6 per cent) also cut into revenue.

Mitsui and Company, the second largest of the houses, blames the writing off of debts of some subsidiaries and a large amount of uncollected receivables (Y17.3bn) for a 17.4 per cent drop in net profit to Y11.17bn ($49.84m) from Y13.51bn a year earlier. Sales, however, rose 13 per cent to Y12,670bn ($56.56bn).

Marubeni Corporation reported net profit up by only 3.2 per cent to Y9.86bn ($44.02m). Turnover, however, was 21.4 per cent to Y10,180bn ($45.45bn) higher with trade in foodstuffs and "energy" related products leading the way.

C. Itoh, whose earnings in recent years have been held back by absorption of a failed trading house, reported a 66 per cent rise in net profit to Y4.53bn ($20.20m). The recovery was due in part to the absence of large losses from troubled petroleum refining subsidiaries incurred a year earlier. Toq Oil had a particularly good year. In 1979, C. Itoh wrote off Y38.7bn but this was cut to Y9bn in the year under review. Turnover was up 20.8 per cent to Y10,705bn ($47.80bn).

Sumitomo Corporation has reported an 11 per cent rise in net profit to Y11.17bn ($49.87m) on turnover ahead by 27 per cent to Y9,655bn ($43.10bn). Like several of its competitors, the biggest advances in turnover came in "third country" trade, which was up 71.4 per cent. Such business, however, is still less than 10 per cent of total sales.

Toyo Menka (Tomen) achieved a 7.2 per cent rise in net profit to Y1.7bn ($7.59m) on turnover up by 17.7 per cent to Y3,283bn ($14.66bn). Kanematsu-Gosho's net profit was up by a marginal 1.7 per cent to Y121m ($0.54m) on turnover 7 per cent higher at Y2,955bn

Profits at Nichimen Company rose 5.2 per cent to Y1.624bn on sales up by 14.1 per cent to Y2,612bn. Earnings per share rose to Y7.37 from Y7.01.

The trading houses are forecasting modest rises in sales this year, partly because the value of oil (which has boosted the value of trading sharply in the past) is expected to be relatively stable. Such stability should contribute to a recovery in the world economy, but the companies are forecasting that profits will be either flat or show small gains.

Mitsubishi expects a 4 per cent rise in sales to Y14,500bn. Mitsui sees sales of Y13,200bn, up 4.2 per cent. C. Itoh predicts an 8.4 per cent advance in turnover to Y11,600bn and a 10.5 per cent lift in profits to Y5bn.

Sumitomo forecasts growth of 3.6 per cent in sales to Y10,000bn; Tomen a 9.7 per cent rise in sales to Y3,600bn and a 10 per cent increase in profits to Y1.9bn; Nichimen an advance in sales of 11 per cent to Y2,900bn, but only a 4.7 per cent rise in profits to Y1.7bn.

Olivetti forecasts sharp rise in profit

By Rupert Cornwell in Rome

OLIVETTI, Europe's largest manufacturer of office equipment, is expecting to achieve a 50 per cent rise in group earnings this year, to around L150bn ($129m) from L104bn in 1980.

This was disclosed by Sig Carlo de Benedetti, Olivetti's chief executive, at a meeting of European financial analysts in the company's home town of Ivrea—reputedly the first time ever that an Italian industrial company has engaged in such an exercise.

The picture painted by Sig de Benedetti of this year's prospects reinforce the impression of a group in vigorous recovery and expansion. Parent company earnings alone may top L90bn in 1981, while consolidated turnover is likely to climb to L2,750bn, from L2,183bn last year.

Among the other financial data given by Sig de Benedetti was news of a steep increase in productivity. Output per employee will rise in 1981 to L51.7m, more than double the L24.4m registered just two years previously. Research and development expenditure will go up by 45 per cent to L109bn.

Progress has been equally conspicuous in financial terms. The ratio of total debt to the group's own resources has dropped from 2.8 in 1978, when Sig de Benedetti took over, to 0.7 at the end of 1980. The level of Olivetti's self financing will rise to L250bn this year from L201bn in 1980.

Hong Kong sets limits to new foreign bank licences

BY KEVIN RAFFERTY IN HONG KONG

HONK KONG is again to allow new banks to set up branches in the territory after a moratorium on granting of bank licences which has lasted almost two years. Sir Philip Haddon-Cave, the Financial Secretary, said that there was evidence that the moratorium was restraining competition within the banking industry.

The Financial Secretary also indicated that Honk Kong would probably not, after all, lift the controversial interest withholding tax on foreign currency deposits. He had previously hinted in his Budget speech in February that he might lift the tax which many bankers claim has inhibited Hong Kong's development as a centre for funding of international syndicated loans. Much of the syndication work is done in Hong Kong but the loans are actually booked in Singapore or elsewhere because of the tax.

Sir Philip told the Legislative Council that, as promised, the implications of the lifting of the tax had been considered. "The preliminary results of this examination suggest that the fiscal and monetary implications are not easily predictable, and could be adverse, and might well outweigh any beneficial implications," he said. He added that the examination was not complete, but "we cannot afford to take a misguided decision and one which might well be irreversible."

On the question of new bank licences, Sir Philip laid down separate criteria for foreign banks wishing to set up a branch in Hong Kong and for local institutions wishing to attain bank status.

Sir Philip Haddon-Cave: three criteria to be satisfied

A bank incorporated outside Hong Kong would have to satisfy three criteria:

- That the authorities in its country of incorporation exercise "effective prudential supervision" and have no objection.
- That it has total assets less contra items, in excess of US$10bn.
- That some form of acceptable reciprocity is available to Hong Kong banks.

A local institution wishing to gain a bank licence would have to have paid up share capital of at least HK$ 100m (U.S.$ 18.28m) and not be the subsidiary of a licenced bank: would have to have been in the business of taking deposits and granting credit to the public in Hong Kong for 10 years and have been a registered or licensed deposit-taking company since the 1976 ordinance or for ten years: and would have to have deposits from the public (other than from banks or other DTCs) of at least HK$ 1.5bn and total assets less contra items of at least HK$ 2bn.

The minimum assets criterion would be reviewed annually and be based on the annual league tables published in The Banker magazine. The present estimate is that about 20 banks might hope to gain Hong Kong bank licences in the next year.

Sir Philip indicated that the authorities would not allow a rush of banks to set up in Hong Kong—last time more than 40 banks were granted licences in 18 months after the previous 13 year moratorium was lifted. But the suggestion was that the door would remain open for the foreseeable future, with a steady flow of new licences allowed.

Hong Kong has 115 licensed banks with almost 1200 branches between them. The leader in terms of branches is the Hongkong and Shanghai bank with 263 offices. Many banks are limited to a single office, which will be the case with newcomers.

The Financial Secretary stressed that the aim of the policy of allowing new bank licences was "further to enhance Hong Kong's status as a financial centre, a status which has grown rapidly in recent years, largely in response to competitive market forces."

Strong first quarter gain for Ennia

By Our Financial Staff

ENNIA, THE Dutch insurance group, has pushed ahead strongly in the first quarter of 1981, lifting net profits by a quarter to Fls 20.3m ($7.8m).

The performance embodies an increase of 10 per cent to Fls 822m in total revenue and stems largely from a sharp gain in indemnity business where profits at the pre-tax level more than doubled.

For the year as a whole Ennia continues to expect profits to show an increase over the Fls 88.4m of 1980. First quarter per share earnings totalled Fls 6.24, against Fls 5.86 and Fls 27.4 for the year 1980.

Life revenues rose 8 per cent and life profits (pre-tax) were 10 per cent higher at Fls 22.9m. Indemnity revenues gained 14 per cent and profits were Fls 7.5m, against Fls 3.4m. Profits from other activities dipped to Fls 0.2m from Fls 0.8m.

Earlier this year the company, which ranks as number three in the Dutch insurance league, forecast slower profits growth for 1981 having notched up gains of 27 per cent for 1980.

Nationale Nederlanden, the largest of the Dutch insurers, also made a three month progress report of the Dutch insurers, also made a three month progress report yesterday. Total revenues, it said, were running some 14 per cent ahead.

The company is sticking to its forecast of a rise in net earnings fo rthe year 1981 of at least 5 per cent over the Fls 355m returned for 1980.

Esso cuts Rundle spending plan

BY OUR SYDNEY CORRESPONDENT

Esso Exploration and Production Australia has revised its agreement with its partners in the Rundle shale oil project in Queensland in such a way as to reduce sharply the minimum amount it will have to spend.

As well as the alteration in its spending commitments Esso has succeeded in getting two other significant changes in the agreement with Central Pacific Minerals and Southern Pacific Petroleum which, taken as a whole, returns the Rundle project to the status of an exploration endeavour.

The changes in last July's agreement were made following the disclosure in April that the Rundle venture had encountered serious technical and geological problems.

Under the new plan Esso's minimum spending obligation has effectively been cut from $330m to $300m to be spent in the first three years of the project. It also gives Esso an option to stop spending well before any production is achieved at Rundle. Previously the company was obliged to commit itself right up to the pilot plant stage.

In line with the acknowledged possibility that Esso may pull out of the project, the other participants have the right to seek another partner after the sixth year if Esso is unwilling to proceed to project construction. If Esso takes this option, the new agreement provides for the company to either stay contributing to the project proportionate to its equity at the time or to convert this equity to a share of the profits.

If Esso converted its equity to an earnings interest it would receive a 0.145 per cent net profit share for each 1 per cent of equity it held.

$600m Eurocredit for Korea

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

KOREA EXCHANGE BANK is raising a $600m credit in the Euromarkets through a group of six international banks which have agreed to a margin of only ⅝ per cent throughout the loan's eight-year life.

This marks a slight fall in margins for Korea, underlining the intensely competitive climate faced by international bankers operating in the Far East. Korea Eximbank recently paid a margin of ¾ per cent for eight-year Euromarket funds.

Bankers in Hong Kong say the slippage in margins has less to do with any improvement in Korea's international standing than with the extreme liquidity prevalent in the Far East banking market.

Too many banks are chasing too few borrowers in this region, they say, and Korea is able to obtain funds on finer terms than before simply because it is one of the few borrowers left which still pays more than ½ per cent over Libor.

Even Thailand, whose economy is generally considered to be in rather worse shape than that of South Korea, has been able to tap the market for a margin of ½-⅝ split over four years each. Korea pays more, bankers say, because its appetite for funds is larger, and this loan itself is at the upper range of the expected range of amount.

Expectations in some quarters had been that the amount would be only $500m.

The six banks co-ordinating the deal through their Asian merchant banking units are Bank of America, Bank of Tokyo, Chase, Citibank, Lloyds Bank International and Morgan Guaranty.

They are expected shortly to begin the work of inviting another group of banks to enter the deal as co-lead managers.

● EZ Industries, the Australian mining and natural resources concern, has arranged its first ever Eurocredit, an $80m seven-year loan led by Credit Suisse.

Proceeds are to be used to develop the company's mining interests, in particular its Elura project in Cobar, New South Wales, which should be completed in 1982 and is destined to boost the company's output of lead, zinc and silver.

The credit bears a margin of ⅝ per cent over London inter-bank rates and is due for signing on June 1.

Visentini pulls out of Rizzoli deal

By Our Rome Correspondent

DOUBTS NOW surround the deal which would give La Centrale, the financial company controlled by Sig Roberto Calvi, who is also the president of Banco Ambrosiano, a 40 per cent stake in the Rizzoli publishing group, which owns Corriere Della Sera, Italy's biggest daily newspaper.

This follows thedecision of Sig Bruno Visentini not to act as an independent arbitrator to ensure the editorial independence of the group's publications. The role of Sig Visentini, a widely respected former Cabinet Minister and president of the Republican Party, was a key ingredient in the controversial agreement.

Sig Calvi, who is linked with the ever-spreading P-2 Freemasons lodge scandal, is due to appear in court in Milan on Friday to answer charges of illegal currency exports by La Centrale in 1975 and 1976.

Banesto doubles debt provision

BY ROBERT GRAHAM IN MADRID

BANESTO, Spain's largest commercial bank, has been obliged to set aside Pts 18.4bn ($204m) to cover doubtful debts and portfolio writedowns. This is almost double the provision made by any of the other big seven banks and reflects the high cost of taking majority control of the troubled Banco de Madrid and its ailing industrial bank, Cadesbank, last May.

Under the terms of the rescue operation of Banco de Madrid, in which Banesto then held 17 per cent, Banesto provided Pts 10bn worth of new capital for Madrid and absorbed some Pts 3bn in losses by writing down the capital and reserves of Cadesbank. The floating of Banco de Madrid was the biggest rescue operation in Spanish banking history.

The main losses had been accumulated in the textile concern, Intelhorce, controlled by Banco de Madrid through Cadesbank, which had accumulated losses of Pts 10.5bn.

Banesto makes only a passing reference in its annual report to the absorption of Banco de Madrid, of which it now has 84 per cent.

The bank's provision for bad and doubtful debts amount to Pta 16.8bn against Pta 8.4bn last year and only Pta 315m in 1978. This dramatic increase over the past three years also reflects stricter reporting requirements by the Bank of Spain, effective since 1979. Portfolio write downs amounted to Pta 1.6bn against Pta 1.7bn in 1979.

In spite of these exceptionally heavy provisions the bank was able to record a 10 per cent increase in pre-tax profits to Pta 10.9bn, but this is almost half the average increase in profits enjoyed in 1980 by the major banks who were able to benefit from high interest rates.

During the year deposits increased by 19 per cent to Pta 997bn, equivalent to 14 per cent of the deposits held in the 77 private commercial banks. The bank's president Sr Jose Maria Aguirre told shareholders the bank shortly intended to increase its capital on the basis of 1 for 10.

Amax plans share issue in Australia

By Colin Chapman in Sydney

FOLLOWING the successful flotation by Caltex, jointly owned by Standard Oil of California and Texaco, another American company, Amax, the minerals and mining concern is working on plans to offer Australians a 51 per cent interest in local operations.

Mr Stanley Dempsey, recently appointed chairman of Amax Australia, said that he would lodge a prospectus with the Corporate Affairs Commission in mid-September. Shares in the Australian operation would then be offered to the public in October.

Mr Dempsey could not put a figure on how much the Australian float would be worth, but market observers are expecting it to be about A$500m (U.S.$569m). Commenting on this Mr Dempsey said: "That's as good as any other figure we have at the moment."

Cardo plans increase in foreign share ownership

BY WESTERLY CHRISTNER IN STOCKHOLM

CARDO, THE holding company which owns the Swedish Sugar Company and the Hilleshög seed group, recommends a change of company regulations to allow a further 10 per cent of its capital to be made available to foreigners.

The recommendation will be put forward at the annual meeting on June 11, in response to increased investor interest from abroad. If the change is made, it would double the percentage of Cardo shares available to foreign nationals.

Total capital of AB Cardo, the parent company, amounted to SKr 312m at the end of 1980.

For the eight months ended December, 1980, Cardo had a pre-tax profit of SKr 166m ($34m) on turnover of SKr 1.43bn. The result of Weibulls, a seed company, was included in the group report for the first time. Hilleshög was in the red, but the sugar side improved.

Group research and development costs reached SKr 90m during the eight months. Hilleshög will expand further in the U.S. and in south and east European markets this year.

Swedish oil company in the red

By William Dullforce in Stockholm

SVENSKA PETROLEUM, the state-owned Swedish oil company, suffered an earnings slide of SKr 620m last year. The pre-tax profit of SKr 232m achieved in 1979 was transformed into a SKr 388m ($79m) loss despite sales more than trebling to SKr 1.1bn ($2.06bn).

After a very fast expansion SP now holds about 15 per cent of the Swedish market for petroleum products, but it has yet to obtain its own petrol stations. It relies on long-term contracts for its crude oil supplies, a commitment it has shouldered to meet government wishes.

A large part of last year's profit deterioration derives from a sharp increase of SKr 231m in net financial charges. The company attributes its heavy debt burden to insufficient share capital, a defect which will not be eliminated by the Riksdag's (parliament) decision to grant no more than SKr 225m to cover last year's losses.

SP recently abandoned a $350m Eurocredit it had planned to raise to buy a stake in the Brae Field in the UK North Sea sector. It gave changes in UK taxation on oil companies as the reason for its decision to withdraw.

First-half setback at KLK

BY WONG SULONG IN KUALA LUMPUR

HALF-YEAR trading profits at Kualar Lumpur Kepong, Malaysia's fourth largest plantation group, were down by 18 per cent to 27m ringgit (US$11.5m), due to the continual weakening of commodity prices. However, better investmen income and a lower charge for depreciation increased pre-tax profit to 28.7m ringgit (US$12.23m), which was 5.4 per cent lower than the previous first half.

KLK said that for the six months ended March, average rubber prices obtained were 293.8 Mayasian cents per kilo, which was 8 per cent lower than previously, while palm oil prices averaged 1,127 ringgit per tonne, representing a 23 per cent decline.

KLK's own rubber production was down by 100,000 kilos to 8.73m kilos while its oil palm output fell by 10,000 tonnes to 160,000 tonnes due to lower yields.

The second half is unlikely to show much improvement, for while palm oil prices have picked up in recent weeks, the price of rubber has declined much further. An interim dividend will be declared at a later date.

Sabena told to cut costs

BY OUR FINANCIAL STAFF

SABENA, Belgium's national airline, must reduce its staff by 20 per cent and bring wages down to the average industry level if it is to be made profitable.

The moves are recommended by the Belgian Finance Ministry which also suggests that Sabena get rid of its catering and road transport operations and cut flights to Strasbourg, Chicago and Detroit.

The Ministry has forwarded these recommendations in a letter to Communications Minister M. Valmy Feaux who is responsible for Sabena, which employs about 10,000 people.

Despite repeated efforts to improve its financial conditions the airline expects to register a net loss this year of BFrs 1.64bn ($43m) which would bring accumulated losses since 1978 to BFrs 8.9bn.

The Finance Ministry noted that Sabena's wages are 17 per cent higher than those at air carriers such as Iberia, Air France, Lufthansa, and Alitalia. It said Sabena was overstaffed.

Elder share dealings to be investigated

BY OUR SYDNEY CORRESPONDENT

THE South Australian State Government has set up an investigation into the complicated and unexplained series of share deals in the struggle for control of Elder Smith Goldsbrough Mort, the diversified industrial group with large pastoral service interests.

Mr. John von Doussa, QC, will have powers equivalent to those of a Royal Commission, including the power to subpoena evidence and to examine witnesses on oath.

The investigation will be remarkable for the standing of those involved, including BT Australia, the merchant bank subsidiary of Bankers Trust of the U.S., the Bell Group, Carlton and United Breweries, Henry Jones (IXL), and stock brokers A. C. Goode and Co.

Mr. von Doussa has been asked to inquire into the "complete circumstances" surrounding the trading in Elder's shares since January 1 this year. This is the latest in a series of developments which have arisen since the Western Australian entrepreneur, Mr. Robert Holmes à Court, launched an offer last March to take his holding in Elder to 50 per cent.

An intense market battle followed which resulted in Mr. Holmes à Court's Bell Group pulling out and selling its interest to the Henry Jones (IXL) group, which then announced a A$202m (US$230m) merger with Elder. The investigation will cover South Australia, Western Australia, Victoria, New South Wales and Queensland.

The investigation comes after unsuccessful inquiries launched by the stock exchange of Adelaide and the South Australian Corporate Affairs Commission. The Adelaide stock exchange was unable to discover for whom BT was acting when it bought Petroleum Distributors, the Bell Group subsidiary which owned 20 per cent of Elders, and then sold it to Carlton and United Breweries. Nor did it find out the price of the transaction. The Corporate Affairs Commission admitted yesterday that it came to several dead ends during its investigations.

Mr. Holmes à Court said yesterday the Bell Group was willing to make a full disclosure of its involvement. "I feel every party should make a full disclosure even though not required by law." Mr. Chris Corrigan, managing director of BT Australia, declined to make any public comment, saying it would be "inappropriate."

Mr. William Griffin, the State Attorney-General said in announcing the investigation that the thrust of recently introduced take-over legislation was that the market and investors should be kept properly informed and have equal opportunities in a take-over situation. "On the face of it neither of these two principles appear to have been adequately complied with."

There is little doubt that one main aspect of the investigation will be the role of BT: the names of and relationships between its clients; the relationship between BT and its clients; and the prices involved.

At present, Bell Group has been forced by takeover regulations to go ahead with its initial offer for a 50 per cent stake in Elder. Carlton has launched a cash or share offer to lift its stake in Elder to 50 per cent and the Elder-Jones merger plan is still active.

Please take care of my baby. Her name is Catherine. I can no longer take care of her. I have always heard of the goodness of show business people and I pray to God you will look after her.

A Heartbroken Mother

Christmas Eve, 1929. The Sheridan Square Theatre, Pittsburgh, USA. This note was found attached to an abandoned baby girl.

Catherine was lucky.

The man who owned the theatre happened to be the President of a Social Club, called the Variety Club because its members came from a variety of entertainments professions.

The Club decided to look after Catherine, and eventually chose a couple who adopted her.

Now Catherine is happily married with children of her own.

But the story doesn't end there.

Looking after Catherine gave the Variety Club something it had never had before: a purpose.

Its members resolved to use their resources and talents to help underprivileged children – children everywhere, regardless of their race, colour or creed.

The movement grew and Variety Clubs were set up in other countries, all linked to the parent body (now called the Variety Club International) but working independently and spending the money they raised in their own countries.

Today, Variety Clubs flourish all over the world, and figures from the New York office show that they raise an annual total of over $30 million for sick and needy children.

The Variety Club in Great Britain

Great Britain's Variety Club started in 1949, with just 26 members, and since then it's helped some 10,000 individual, national, local and private children's organisations.

Every year it helps about 300,000 children, and in 1980 raised some £2.5 million.

The money goes in all kinds of ways.

The Club devised and now runs about a thousand Sunshine Coaches, which take injured and handicapped children on excursions, and are used as transport between hospitals.

It gives extensive direct support to children's homes and hospitals, putting up the money to buy vital equipment and facilities – kidney machines, 'motorised chairs' for the physically handicapped, swimming pools for remedial therapy.

It supplies 'baby ambulances' – mobile baby care units – to hospitals.

It arranges film shows at orphanages, hospitals and youth clubs.

The Variety at Work Committee organises countless outings for disabled and underprivileged children, taking them everywhere from zoos to stately homes and pantomimes to army tattoos.

It supported the first home in Europe for care of children both deaf and blind.

In short, the Club does everything it possibly can, whether donating money to child psychiatry or supplying children's homes with Christmas turkeys, to bettering the lot of underprivileged children.

The money for all this comes from a vast range of sources; donations big and small, and of course many entertainments – film premieres and charity shows are probably the best known.

The Club is particularly proud that only 5% of this income is spent on Administration – one of the lowest figures in the charity world.

Our most ambitious project yet

Now, with the construction of the Variety Club Children's Hospital in Camberwell, the Club is embarking on its biggest and most ambitious project to date.

A complete hospital for children, which will be the most important of its kind in South East England, and indeed treat children from all over the UK.

For this project – which is over and above normal fund raising activities for the year – we need £750,000.

Which is why we are asking for your help.

Your company's donation – or your personal gift – will be used directly to help finish building the hospital.

We believe it's a project of immeasurable value, and hope you will wish to join the Roll of Benefactors who have already helped us.

£750,000 NEEDED TO BUILD A NEW CHILDREN'S HOSPITAL.

Visit the Children's Ward, at King's College Hospital, London, and you'll find one of the country's busiest treatment centres for ill children. All local emergencies and accidents come here. So do 600 babies a year in need of intensive care – from all over South East England.

And so too, do babies with liver complaints – from all over England.

Because the Children's Ward is far more than its name implies: it's the heart of one of the most highly respected paediatric departments in Europe, and an important centre not just for the treatment of children, but for research and teaching too.

Recently though, the Ward has had trouble coping with all the children who need its services.

The 26 beds just aren't enough, and most of the time there are up to six children accommodated in the adult wards.

Still more seriously, occasions arise when overcrowding demands that critically ill children have to be moved to nearby hospitals, without the facilities at King's.

Two children have died on the journey between hospitals.

Hence, the urgent need for expansion.

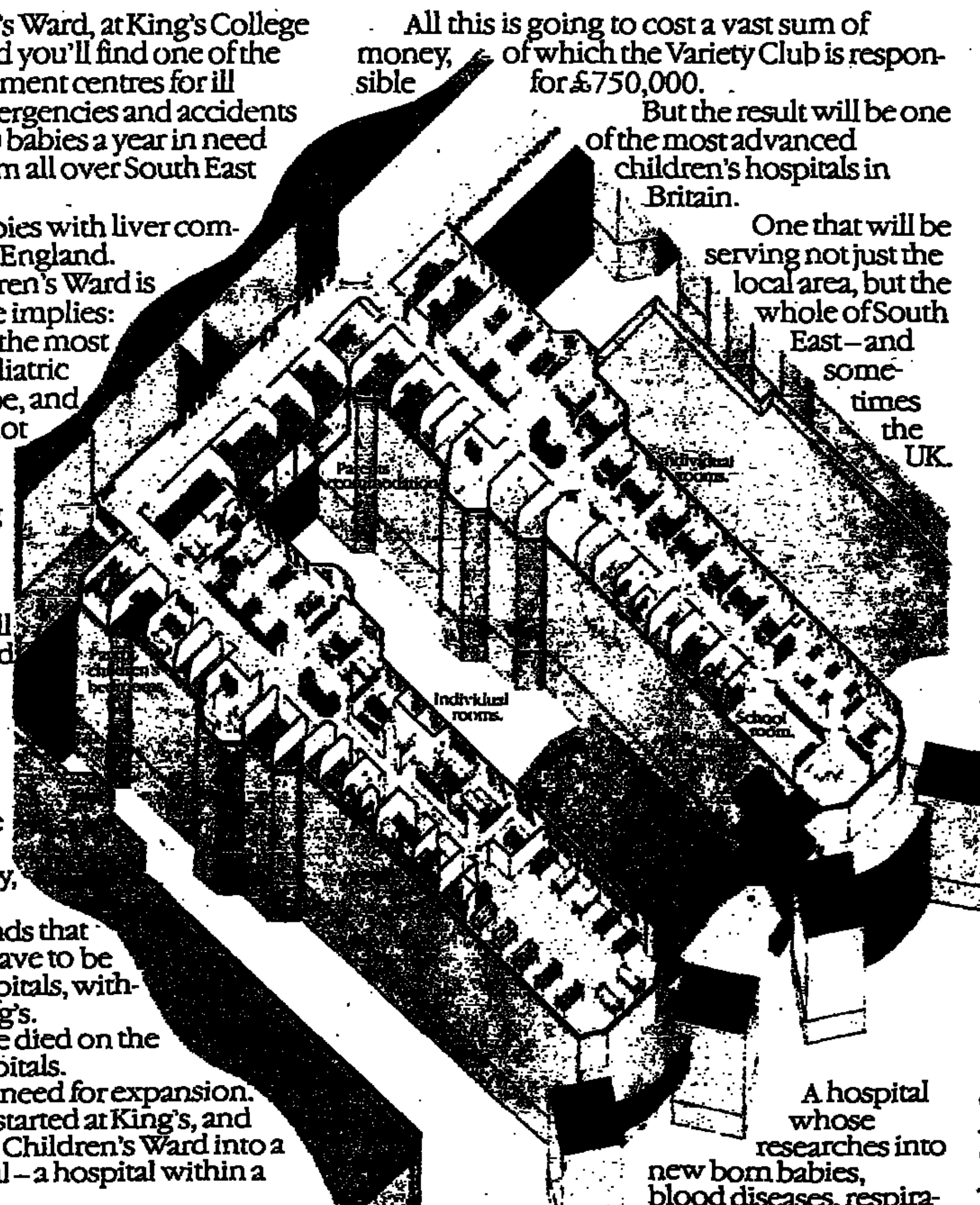
Work has already started at King's, and it will turn the present Children's Ward into a self-contained hospital – a hospital within a hospital.

There'll be another 42 beds, together with teaching and day rooms, lecture rooms for students, treatment rooms, accommodation for parents, highly advanced medical equipment – even a purpose-built operating theatre for children.

All this is going to cost a vast sum of money, of which the Variety Club is responsible for £750,000.

But the result will be one of the most advanced children's hospitals in Britain.

One that will be serving not just the local area, but the whole of South East – and sometimes the UK.



A hospital whose researches into new born babies, blood diseases, respiratory diseases and liver diseases have already benefited children everywhere.

We think it's one of the most exciting projects that the Variety Club has ever funded.

One that's going to be a real investment in the future of Britain's children.

HOW YOU CAN HELP

Depending on your personal financial and taxation position, there are a number of ways, summarised below, in which you can help. For further advice, consult your accountant or the Variety Club office will be pleased to help.

By a donation

No tax relief is available for donations except that they are not chargeable to Capital Transfer Tax. Gifts of assets (such as shares) containing a potential capital gains tax liability can be gifted free of this tax.

By Will

Gifts by will, or made within one year of death, not exceeding £200,000 can be made to charity free of Capital Transfer Tax.

By Covenant

Individuals and companies can pay four annual instalments from which tax is deductable and then recoverable by the Variety Club. The gross amount will be deducted from the payer's taxable income up to an amount of £3,000 per annum. Companies will obtain relief at their appropriate corporation tax rate. It is advantageous for the Variety Club if the four instalments are paid in advance.

By Interest-free loans

The Variety Club can invest your money to receive the interest tax free. The loan is repayable when required.

To: Robert Webster, Chief Barker, the Variety Club of Great Britain, 3rd Floor East, Avon House, 360 Oxford Street, London W1N 0DY.

I enclose a donation of £ towards the Variety Club of Great Britain Children's Hospital.

Please send me more details of methods of donation, and further information about the Variety Club Children's Hospital.

Name ____________________

Address ____________________

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This advertisement has been paid for by well-wishers of the Variety Club, whose assistance we gratefully acknowledge.

VARIETY CLUB OF GT. BRITAIN

3rd. Floor East, Avon House, 360 Oxford St., London W1N 0DY. Telephone: 01-491 4521.

Companies and Markets

CURRENCIES, MONEY and GOLD

$ stays firm

Dollar remained firm in very thin foreign exchange trading yesterday, with several European centres closing early ahead of the Ascension Day public holiday. Eurodollar interest rates showed an easier trend, and news that Chemical Bank had cut its broker loan rate to 19½ per cent from 20¼ per cent also tended to push the dollar down from the best levels touched during the day, but the U.S. currency still finished stronger on balance.

Sterling was little changed on balance against major currencies, weakening against the French franc, but gaining ground in terms of the D-mark and Swiss franc. The pound continued to fall against the dollar however, closing at its lowest level for two years.

European currencies were again weak against the dollar, but the French franc continued to improve, finishing as the second strongest currency in the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) rose to 107.5 from 107.1. The U.S. currency rose to a four-year high against the D-mark, touching a peak of DM 2.3550, before closing at DM 2.3470, compared with DM 2.3335. It improved to SwFr 2.0875 from SwFr 2.0750 against the Swiss franc, and to FFr 5.55 from FFr 5.5425 in terms of the French franc. The dollar rose to Y225 from Y224.40 against the yen.

STERLING — trade-weighted index (Bank of England) fell to 98.7 from 98.8, after opening at 98.8 and rising to 98.9 at noon. *The pound opened at $2.0690-2.0705*, the highest level of the day, but fell to $2.0620-2.0630 by noon. In the afternoon sterling touched a low point of $2.0565-2.0575, and closed at $2.0590-2.0600, a fall of 75 points from Tuesday, and the lowest closing level since May 30, 1979.

D-MARK—Strongest member of the European Monetary System, but very weak against the dollar, partly because the sharp fall of the French franc had tended to pull down other EMS members. Renewed fears about Poland have also tended to depress the German currency, but the recent sharp rise in U.S. interest rates remains the major market factor — The D-mark weakened against other major currencies at the Frankfurt fixing on fears about political and economic developments in West Germany and speculation that U.S. interest rates may continue to rise. Trading was fairly quiet ahead of Ascension Day, with the dollar rising to its highest fixing level since June 1977 at DM 2.3440, compared with DM 2.3299 on Tuesday. The Bundesbank sold only $5.45m at the fixing, against $25.1m previously. Sterling rose to DM 4.8390 from DM 4.8300, the highest fixing level since February, and the French franc continued to advance, rising to DM 42.21 per 100 francs, from DM 41.80, and compared with a minimum EMS intervention level of DM 41.5050.

FRENCH FRANC—Very weak against other major currencies following the Socialist victory in the Presidential election. The determination of the Bank of France to defend the franc by way of intervention and a sharp rise in interest rates has led to an improvement against the dollar and within the EMS however—the franc continued to advance within the EMS yesterday, although Paris trading was very quiet, with banks closing at noon ahead of the Ascension Day holiday, which will close down almost all of Continental *Europe today*. The French currency, which was at the bottom of the EMS last week, has shown a very strong trend over the last two days, and finished as the second strongest member of the system yesterday, behind the D-mark, but marginally ahead of the Italian lira. In line with movements against other currencies, the dollar improved to FFr 5.56625 from FFr 5.5425, but sterling fell to FFr 11.4350 from FFr 11.4550.

THE POUND SPOT AND FORWARD

May 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0565-2.0705	2.0590-2.0600	1.02-1.12c dis	−6.23	3.22-3.32dis	−6.35
Canada	2.4700-2.4830	2.4725-2.4735	1.45-1.55c dis	−7.28	4.00-4.30dis	−6.85
Nethlnd.	5.36-5.39	5.37-5.38	½c pm-½ dis	—	par-1 dis	−0.37
Belgium	78.60-79.00	78.80-78.90	28-38c dis	−5.02	84-104 dis	−5.02
Denmark	15.18-15.24	15.22½-15.23½	3½-4½ore dis	−3.20	11-13 dis	−3.15
Ireland	1.3200-1.3265	1.3225-1.3235	0.34-0.48p dis	−3.76	1.17-1.38dis	−3.87
W. Ger.	4.82-4.88½	4.83¾-4.84¾	par-½pf dis	−0.62	¾-1¼ dis	−0.72
Portugal	126.70-127.50	127.05-127.25	65-135c dis	−9.44	190-336 dis	−7.79
Spain	190.30-191.50	190.65-190.85	135-170c dis	−9.59	380-430 dis	−8.49
Italy	2,393-2,401	2,394½-2,396½	22-24 lire dis	−11.52	63½-66½dis	−10.83
Norway	11.81-11.88	11.85-11.86	½-2½ore dis	−1.71	3½-4½ dis	−1.35
France	11.42-11.49	11.42½-11.43½	8½-10½c dis	−10.78	22-23 dis	−7.87
Sweden	10.23-10.28	10.23½-10.24½	2½-3½ore dis	−3.66	8½-9½ dis	−3.61
Japan	460-467	463-464	2.00-1.85y pm	4.72	5.20-4.70 pm	4.27
Austria	34.05-34.30	34.15-34.20	5gro pm-par	0.88	4 pm-7 dis	−0.17
Switz.	4.28-4.32	4.30-4.31	1c pm-par	1.39	2½-1½ pm	1.88

Belgian rate is for convertible francs. Financial franc 80.20-80.30. Six-month forward dollar 4.82-4.92c dis. 12-month 5.35-5.55c dis.

THE DOLLAR SPOT AND FORWARD

May 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0565-2.0705	2.0590-2.0600	1.02-1.12c dis	−6.23	3.22-3.32dis	−6.35
Ireland†	1.5540-1.5605	1.5570-1.5590	0.25-0.35c dis	−2.31	0.86-1.06dis	−2.46
Canada	1.2013-1.2022	1.2017-1.2020	0.01-0.05c dis	−0.35	0.05 pm-par	0.08
Nethlnd.	2.5920-2.6110	2.6060-2.6090	1.45-1.35c pm	6.44	3.95-3.85 pm	5.98
Belgium	38.02-38.30	38.27-38.29	8-5c pm	2.19	15-10 pm	1.31
Denmark	7.3725-7.3950	7.3800-7.3825	1.20-0.80ore pm	1.62	3.00-2.60 pm	1.52
W. Ger.	2.3325-2.3550	2.3465-2.3475	1.26-1.20pf pm	6.29	3.36-3.30 pm	5.67
Portugal	61.45-61.90	61.60-61.80	par-30c dis	−2.91	20pm-40dis	−1.29
Spain	92.40-92.72	92.40-92.50	20-35c dis	−3.57	45-65 dis	−2.38
Italy	1,157-1,164	1,162-1,163	4½-6 lire dis	−5.41	11-14 dis	−4.30
Norway	5.7450-5.7575	5.7500-5.7550	2.60-2.20ore pm	5.01	7.60-7.20 pm	5.14
France	5.5300-5.5700	5.5475-5.5525	2-3½c dis	−5.67	2-3½ dis	−1.98
Sweden	4.9680-4.9840	4.9700-4.9750	1.25-1.05ore pm	2.77	3.75-3.55 pm	2.94
Japan	223.75-225.50	224.95-225.05	2.15-2.00y pm	11.07	6.05-5.90 pm	10.62
Austria	16.58½-16.60½	16.58¾-16.59¼	10½-9gro pm	7.05	27½-23½ pm	6.16
Switz.	2.0690-2.0920	2.0870-2.0880	1.62-1.52c pm	9.02	4.52-4.42 pm	8.56

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.7	−26.9
U.S. dollar	107.5	+1.4
Canadian dollar	87.3	−17.6
Austrian schilling	111.9	+21.4
Belgian franc	105.9	+9.1
Danish kroner	85.8	−12.8
Deutsche mark	117.0	+37.8
Swiss franc	133.1	+75.7
Guilder	108.7	+13.8
French franc	83.5	−11.4
Lira	57.9	−55.5
Yen	141.4	+36.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.564864	0.527287
U.S. $	14	1.16893	1.08885
Canadian $	19.06	1.40400	1.30782
Austria Sch	6¾	19.2605	17.9769
Belgium F	14	44.4047	41.4579
Danish K	11	8.57118	8.00249
D mark	7½	2.72349	2.54409
Guilder	9	3.03104	2.83046
French Fr	9½	6.52088	6.06760
Lira	19	1352.45	1260.89
Yen	6¼	261.723	244.555
Norwgn. Kr.	9	6.71258	6.24563
Spanish Pts.	8	107.885	100.585
Swedish Kr.	12	5.79789	5.39587
Swiss Fr	5	2.42752	2.26535
Greek Dr'ch.	20½	—	61.9010

OTHER CURRENCIES

May 27	£	$		£ Note Rates
Argentina Peso	6705-6725	3255-3265	Austria	34.00-34.35
Australia Dollar	1.8110-1.8150	0.8800-0.8805	Belgium	79.60-80.20
Brazil Cruzeiro	176.69-177.69	85.60-86.23	Denmark	15.10-15.25
Finland Markka	8.98-8.99	4.3650-4.3670	France	11.40-11.50
Greek Drachma	115.377-118.365	57.00-57.10	Germany	4.82-4.86
Hong Kong Dollar	11.27½-11.29½	5.4750-5.4780	Italy	2340-2390
Iran Rial	165.00*	78.70*	Japan	462-468
Kuwait Dinar(KD)	0.572-0.578	0.2787-0.2789	Netherlands	5.36-5.39
Luxembourg Frs.	78.80-78.90	38.27-38.29	Norway	11.75-11.85
Malaysia Dollar	4.8425-4.8525	2.3520-2.3540	Portugal	124-127
New Zealand Dlr	2.3595-2.3645	1.1460-1.1470	Spain	184½-195½
Saudi Arab. Riyal	6.96-7.02	3.3910-3.3960	Sweden	10.22-10.32
Singapore Dollar	4.4475-4.4575	2.1595-2.1615	Switzerland	4.28½-4.32½
Sth African Rand	1.7515-1.7535	0.8505-0.8515	United States	2.057-2.067
U.A.E. Dirham	7.54-7.60	3.6715-3.6735	Yugoslavia	74½-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.5727	+1.90	+1.45	±1.5361
Danish Krone	7.91917	8.03189	+1.42	+0.97	±1.6413
German D-Mark	2.54502	2.55144	+0.25	−0.20	±1.1386
French Franc	5.99526	6.02731	+0.53	+0.08	±1.3638
Dutch Guilder	2.81318	2.83300	+0.70	+0.25	±1.5159
Irish Punt	0.685145	0.697317	+1.78	+1.33	±1.6688
Italian Lira	1262.92	1264.05	+0.09	+0.09	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.060	4.838	463.5	11.43	4.305	5.375	2396.	2.473	78.85
U.S. Dollar	0.486	1.	2.349	225.1	5.550	2.090	2.610	1163.	1.201	38.29
Deutschemark	0.207	0.43	1.	95.81	2.363	0.890	1.111	495.2	0.511	16.30
Japanese Yen 1,000	2.157	4.44	10.44	1000.	24.66	9.288	11.60	5168.	5.335	170.1
French Franc 10	0.875	1.802	4.232	405.5	10.	3.766	4.703	2096.	2.164	68.99
Swiss Franc	0.232	0.478	1.124	107.7	2.655	1.	1.249	556.4	0.574	18.32
Dutch Guilder	0.186	0.383	0.900	86.23	2.127	0.801	1.	445.7	0.460	14.67
Italian Lira 1,000	0.417	0.860	2.019	193.5	4.771	1.797	2.244	1000.	1.032	32.92
Canadian Dollar	0.404	0.833	1.956	187.4	4.622	1.741	2.173	968.7	1.	31.88
Belgian Franc 100	1.268	2.612	6.135	587.8	14.50	5.460	6.817	3038.	3.136	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 13/16	offer 18 15/16	bid 17 13/16	offer 17 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11½-11¾	18-18¼	18-19	11 9/16-12⅛	30-35	9⅞-10⅛	21-23	18-22	15-17	5¼-5¾
7 days' notice	11⅝-11⅞	18¼-18½	18-19	12 1/16-12⅜	5-5½	11⅛-11¼	21-23	23-25½	15-17	6 1/16-6 5/16
Month	11 15/16-12 1/16	17⅝-17⅞	19½-19⅞	12⅜-12½	9 5/16-9 7/16	12 1/16-12 3/16	21-23	22½-24	14½-16	7⅛-7⅜
Three months	12½-12 5/16	18⅝-18⅞	18⅝-19	12½-12 11/16	10⅛-10¼	12⅞-13	19-21	23½-24½	16¾-17¾	7¾-8
Six months	12 11/16-13	17⅝-17⅞	17⅞-18¼	12½-12⅝	10 1/16-10 3/16	12⅞-13	18-20	22½-23¼	16-17	7¾-8
One Year	12 13/16-13⅛	16¾-17	17⅛-17⅜	12⅜-12½	9½-9⅝	12⅞-13	16½-18½	21½-22½	15½-16½	8¼-8½

SDR linked deposits: one-month 15¾-16⅛ per cent; three-months 15¾-16 per cent; six-months 15 7/16-15 7/16 per cent; one-year 14 7/16-14 11/16 per cent.

ECU linked deposits: one-month 15¾-16⅛ per cent; three-months 15½-15⅞ per cent; six-months 15¼-15½ per cent; one-year 14¾-15 per cent.

Asian $ (closing rates in Singapore): one-month 17 9/16-17 11/16 per cent; three-months 18½-18⅝ per cent; six-months 17 11/16-17 13/16 per cent; one-year 16 13/16-15 15/16 per cent. Long-term Eurodollar two-years 16½-16¾ per cent; three-years 16½-16¾ per cent; four-years 16½-16¾ per cent; five-years 16⅜-16⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.30-18.40 per cent; three-months 18.20-18.30 per cent; six-months 17.35-17.45 per cent; one-year 16.50-16.60 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates cut

The Belgian National Bank has cut its discount rate to 13 per cent from 14 per cent, the third 1 percentage point reduction since the rise of 3 per cent to a post-war record 16 per cent on March 31, as a result of increased pressure on the franc and the resignation of the Government. The Belgian currency was then well outside *the agreed limits of the* European Monetary System, but had recently improved before declining again at the beginning of this week. The sharp rise of the French franc has left the Belgian unit at or near the bottom of the EMS once more, although still within its official floor level. A reduction of 1 per cent to 15 per cent was also made in the Lombard rate, the level at which the authorities lend to commercial banks under their normal overdraft facilities.

In Paris call money was unchanged at 20 per cent, with banks closing at noon ahead of today's Ascension Day holiday.

In Frankfurt call money showed little change at 11.65-11.90 per cent, compared with 11.60-12.00 per cent on Tuesday. The Bundesbank special Lombard facility remains open at 12 per cent. Among fixed period rates the 12-month rate was firmer but other periods were steady. One-month was quoted at 13.00-13.20 per cent, compared with 13.00-13.15 per cent, with three-month unchanged at 13.30-13.40 per cent.

GOLD

Slight fall

Gold fell $1 to close at $465½-466½ in the London bullion market yesterday. It opened at $466-469, and was fixed at $467.75 in the morning and $466.75 in the afternoon. The metal traded within a narrow range, touching a high point of $467-469, and falling to a low of $465-467.

In Paris the 12½ kilo gold bar was fixed at FFr 93,200 per kilo ($520.43 per ounce) yesterday morning, compared with FFr 93,500 ($521.31) Tuesday afternoon. There was no afternoon fixing because of the early closure of the market ahead of Ascension Day.

	May 27		May 26	
Gold Bullion (fine ounce)				
Close	$465½-466½	(£226-227½)	$456½-459½	(£225½-227)
Opening	$466-469	(£225½-227)	$459-472	(£226¾-228¼)
Morning fixing	$467.75	(£226.625)	$468.60	(£226.296)
Afternoon fixing	$466.75	(£226.743)	$466.50	(£225.526)
Gold Coins				
Krugerrand	$481½-482½	(£233¾-234¼)	$482-483	(£233¼-233¾)
1/2 Krugerrand	$247-248	(£120-120½)	$248½-249½	(£120¼-120¾)
1/4 Krugerrand	$126-127	(£61-61½)	$126¾-127¾	(£61¼-61¾)
1/10 Krugerrand	$52-53	(£25¼-25¾)	$51¾-52¾	(£25-25½)
Mapleleaf	$475-477	(£230¾-231½)	$477½-478½	(£231-231½)
New Sovereigns	$117-118	(£56¾-57¼)	$117-117¾	(£56½-57)
King Sovereigns	$125-127	(£60½-61½)	$125-127	(£60½-61½)
Victoria Sovs.	$125-127	(£60½-61½)	$125-127	(£60½-61½)
French 20s	$217-220	(£105-106¾)	$215-219	(£104-106)
50 pesos Mexico	$581-585	(£282-284)	$582-586	(£281½-283½)
100 Cor. Austria	$451-456	(£219-221½)	$451-456	(£218½-220½)
$20 Eagles	$576-581	(£279¾-282)	$576-581	(£278¾-281)

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Short-term interest rates remained generally firm in the London money market yesterday, with discount houses buying rates for three-month eligible bank bills rising to 11 13/16-11¾ per cent from 11 23/32-11 11/16 per cent. In the interbank market three-month money was little changed at 12 5/16-12 9/16 per cent, compared with 12¼-12 9/16 per cent.

Conditions finished fairly tight as far as day-to-day money was concerned, with discount houses paying around 12 per cent for late balances, while the overnight interbank rose to 14 per cent at the close. The Bank of England did not intervene in the market, which was faced with moderate maturing bills in official hands.

MONEY RATES

NEW YORK	
Prime Rate	20½
Fed. Fund	18¾-17
Treasury Bills (13-week)	15.92
Treasury Bills (26-week)	14.92
GERMANY	
Special Lombard	12.0
Overnight Rate	11.775
One month	13.10
Three months	13.35
Six months	13.375
FRANCE	
Intervention Rate	22
Overnight Rate	20
One month	—
Three months	—
Six months	—
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.0625
Bill Discount (three-month)	7.46875

LONDON MONEY RATES

May 27 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-14	11⅛-11¾	—	—	11¾-12	10¾-12	—	—	—
2 days notice	—	—	11⅛-11⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11¾	11¾-12	—	11½	—	—	—	—	—
One month	12-11 15/16	11 15/16-12 1/16	11⅞-12 1/16	13-12¾	12 1/16	11⅞-12⅛	11¼-11⅜	—	—	—
Two months	12 1/16-12 3/16	12 1/16-12⅜	—	13¼-12⅞	12 3/16	12¼-12⅜	11½	11½	11⅝-11¾	12⅛
Three months	12½-12⅜	12 5/16-12 9/16	12⅜-12⅝	13¼-12⅞	12⅜	12½	11⅝	11⅝	11⅝-11¾	12 3/16
Six months	12⅝-12 7/16	12⅜-12½	12½-12¾	12⅝-12¼	13 1/16	12¾	11¾	11 21/32-11⅝	11⅝-11¾	12⅜
Nine months	12 11/16-12⅝	12¾-12⅞	—	13⅛-13	13⅛	13⅛	—	—	11⅝-11 11/16	12¼
One year	12¾-12⅝	12⅞-13	12⅞-13	13⅛-12⅞	13¼	13⅛	—	—	—	—
Two years	—	—	14	—	—	13¼	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14 per cent; four years 14¼ per cent; five years 14½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 21/32-11 11/16 per cent; four-months trade bills 12 3/16 per cent.

Approximate selling rate for one-month Treasury bills 11 23/32 per cent; two-months 11 11/32 per cent; three-months 11 7/16-11 5/32 per cent. Approximate selling rate for one-month bank bills 11⅝-11 23/32 per cent; two-months 11 23/32-11 25/32 per cent; three-months 11 9/16-11⅝ per cent; one-month trade bills 12¼ per cent; two-months 12 5/16 per cent and three-months 12⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3874 per cent.

WORLD STOCK MARKETS

Active early Wall St rise

BUOYED BY Chemical Bank's reduction in its broker loan rate to 19½ per cent from 20¼, Wall Street picked up from an easier start to record a modest net gain at mid-session after a large turnover.

The Dow Jones Industrial Average was ahead 3.24 at 987.20 at 1 pm, while the NYSE All Common Index put on 21 cents to $77.26 and advances led declines by an eight-to-five margin. Trading volume was up sharply to 41.47m shares from Tuesday's 1 pm level of 28.39m.

Analysts said the cut provided more evidence that interest rates may be at or near their peak. They noted that investors had become increasingly concerned that interest rates would continue to rise, given the strength in the economy and money supply growth.

Revlon added 1⅛ at $41⅞. It has ended merger talks with Thompson Medical, which lost 2⅞ to $18.

Philip Morris rose ½ to $52¼. The company said it has completed its purchase of an interest in Rothmans International from Rembrandt Group.

Active Polaroid declined $1 to $29⅞ after introducing a new instant photographic system.

Among other active issues, volume leader American Airlines was up ½ to $19⅞, while Storage Technology gained ⅞ to $34⅞ and Eastern Airlines ⅛ to $11⅞.

THE AMERICAN SE Market Value Index improved 0.91 to 376.38 at 1 pm. Volume 4.46m shares.

Canada

Markets again presented a mixed appearance after active early trading. The Toronto Composite index was just 0.1 up at 2,362.7 at noon, while Metals and Minerals rose 13.1 to 2331.8, but Oil and Gas shed 20.8 to 5,038.9.

Closing prices for North America were not available for this edition.

Tokyo

Some Blue Chips in the Light Electrical and Precision Instrument sectors scored fresh advances, but the market in general retreated on profit-taking, especially recently strong large-capital issues. Many investors were discouraged by diminishing foreign purchases and the yen's sharp fall against the U.S. dollar.

The Nikkei - Dow Jones Average fell 46.98 to 7,529.20 and the Tokyo SE index 4.18 to 557.47. Declines outpaced rises on the First Market section by 404 to 197 after heavy volume of 620m shares, compared with Tuesday's 380m.

Steels, Shipbuildings and Heavy Electric Machines declined steeply, with Mitsubishi Heavy dipping Y23 to Y285, Sumitomo Metal Y15 to Y265, Mitsubishi Electrical Y19 to Y340, Nippon Kokan Y10 to Y193, Kawasaki Steel Y12 to Y208, Nippon Steel Y9 to Y213, Kawasaki Heavy Y13 to Y217, Ishikawajima Harima Heavy Y16 to Y186, Toshiba Y17 to Y381 and Fuji Electrical Y26 to Y319.

The outcome of the OPEC meeting had little impact, but Oils and other Natural Resources eased because of the fall in the general market.

However, Nippon Electric moved ahead Y37 to Y787 on its bright business results, announced on Tuesday.

TDK Electronics climbed Y220 to Y5,350, Minolta Y34 to Y884, Ricoh Y28 to Y762, Canon Y20 to Y1,460, Sony Y90 to Y5,580 and Sharp Y27 to Y867.

Motors were mixed, with Honda Motor adding Y70 at Y1.070 and Isuzu Motor Y16 at Y407, but Toyota shedding Y30 to Y1,080 and Nissan Y24 to Y840.

Paris

Shares turned sharply lower in active trading, wiping out a good deal of the recovery seen in the two preceding sessions. The CAC General index, after a two-day rally of 3.4, lost 2.1 to 88.0, while the Indicateur de Tendance index receded 1.9 to 86.5.

The renewed depression was essentially due to reports of a study carried out by the National Assembly indicating that France's leftist parties would win next month's legislative election by a comfortable margin.

The decline was also partly attributed to traders lightening their positions ahead of today's Ascension Day holiday. The downward movement would have been even more steep if there had not been some further buying by Mutual Funds, which operate under the "Monory law" whereby their portfolios must contain 60 per cent of French shares at the end of each calendar month.

Milan

The market rallied strongly over a broad front on continuing support action by State Banks and Holding Groups, which allowed several issues to regain most of the ground lost the previous day. The Banca Commerciale Italiana index, off 9.20 on Tuesday, picked up 7.42 to 279.56.

Brokers were amazed with the market rally. It follows a severe slump on Tuesday triggered by the collapse of the Government and continuing uncertainty generated by the arrest last week of major financial figures on charges of illegal currency exporting.

Brokers said that professional speculation played a major role in the market recovery, after banks and holding companies succeeded in halting the market retreat. All sectors joined the rally and trading was active.

Germany

Bourse prices declined in generally light trading, with brokers saying investors were reacting to lower Bond prices while professional traders trimmed positions before today's Ascension Day holiday.

Australia

Markets failed to establish a decided trend, although leading Minings were easier for choice.

Vamgas, the oil and gas developer which has risen A$4 since reporting last week encouraging tests in its West Australian oil drilling, suffered a reaction to A$13.70 before attracting renewed support and ralling to A$14.40, down 40 cents on the day. Magellan Oil, however, gained 20 cents more to A$8.40.

Banks were mixed, with CBC up 20 cents to A$6.60, while its proposed merger partner National was down 10 cents to A$.85. CBA, the target of a Bank of New South Wales merger plan, gained 20 cents to A$6.0, but Bank NSW eased 4 cents to A $3.08.

Hong Kong

A bout of late profit-taking eroded most of an early fresh market rise yesterday, although the general opinion was that the recent bullish phase would be continued.

The Hang Seng index, which was nine points higher at mid-morning, ended a net 2.92 up at 1,636.27. Turnover on the four stock exchanges for the short Wednesday session came to HK$450.23m, against Tuesday's full trading day total of HK$502.75m.

One broker said he wasn't surprised or disappointed by the selling pressure, which followed a 53-point leap in the indicator since Monday's close. "I am glad to see them take their profits because the market is still goin ghigher," he commented.

Several brokers expressed confidence that stocks would break past the 1,650 mark, the high for the index this year. One analyst commented that Saturday marked the end of the horse racing season here and that hundreds of millions of dollars tied up at the betting counters would now be played on the equity market, sparking even more buying.

CANADA

Stock	May 26	May 25
Abitibi	27	27
Agnico Eagle	12⅛	12⅞
Alcan Alumin	40	39½
Algoma Steel	45⅞	47
Asbestos	38⅝	38¾
Bk Montreal	28⅛	28¼
Bk Nova Scotia	28⅜	28½
Basic Resources	11¾	11⅛
Bell Canada	18⅝	18⅝
Bow Valley	18⅞	18⅞
BP Canada	45⅞	44¼
Brascan A	33⅝	33⅞
Brinco	9¼	9⅜
B. C. Forest	18¾	19
CadillacFairview	40	40
Camflo Mines	32	33⅛
Can Cement	14⅝	15
Can NW Lands	41¼	41¾
Can Packers	35	35
Can Perm Mtg	27½	27
Can Trusco	27⅝	28
Can Imp Bank	29¾	29⅝
Cdn Inds	35¼	35
Cdn Pacific	44⅞	44¾
Can P. Ent	24⅝	24⅞
Cdn Tire	33	33
Cherokee Res	9¼	9⅝
Chieftain	24	23½
Cominco	68⅛	69
Cons Bathst A	29	28⅝
Coseka Res	20	20⅜
Costain	12⅞	12⅞
Daon Devel	11½	11⅛
Denison Mines	45¾	45⅞
Dome Mines	28	28½
Dome Petroleum	24⅛	25
Dom bridge	25½	25⅜
Dom Foundries A	47⅞	47¾
Dom Stores	23¼	23
Domtar	36⅛	37½
Falcon Nickel	101	101
Genstar	36¾	36⅞
Gt.-West Life	250	250

BELGIUM (continued)

May 27	Price Frs.	+ or −
Petrofina	4,120	−10
Royale Belge	4,040	+30
Soc Gen Banq.	1,715	−5
Soc Gen Belge	980	+38
Sofina	2,300	+25
Solvay	2,130	−15
Traction Elect.	1,910	+20
UCB	1,070	+10
Union Miniere	680	+2
Vieille Mont.	1,056	−24

DENMARK

May 27	Price %	+ or −
Andelsbanken	117.2	....
Baltica Skand.	368	−2.4
CopHandelsbank	118	....
D. Sukkerfab.	355	....
Danske Bank	115	....
East Asiatic	155.4	+7.0
Finansbanken	164	....
Forenede Brygg.	364	−5
Forenede Damp	280.0	−3.8
GNT Hldg.	198	....
Nord Kabel	140	−1
Novo Ind.	1,425	−45
Papirfabrikker	105	....
Privatbanken	121.4	....
Provnsbanken	122.4	....
Smidth (Fl)	275.4	−1.0
S. Berendsen	602.4	−4.6
Superfos	132	−0.2

FRANCE

May 27	Price Frs.	+ or −
Emprunt 4½% 1973	2,514	+27
Emprunt 7% 1973	7,295	−155
CNE 3%	2,905	−10
Afrique Occid.	450	−14
Air Liquide	411	−11

HOLLAND

May 27	Price Fls.	+ or −
ACF Holding	80.5	−0.3
Ahold	67.9	+0.6
AKZO	23	−0.1
ABN	276	−0.5
AMEV	87.7	+2.2
AMRO	51.1	−0.1
Bredero Cert.	190	....
Bos Kalis	80.0	+0.8
Buhrmann-Tet	56.0	−0.2
Caland Hldgs.	35.8	+0.8
Elsevier	129.5	−0.2
Ennia	140.5	....
EuroCom Tst.	76.5	....
Gist. Brocades	62.6	+0.6
Heineken	51.3	−1.7
Hoogovens	16.3	−0.2
Hunter Douglas	10.5	....
Int-Muller	19	....
KLM	136.5	+4.5
Naarden	19.6	−0.1
Nat Ned Cert.	110	−0.1
Ned Cred Bank	45.5	−0.3
Ned Mid Bank	154	....
Nedlloyd	135	....
Oce Grinten	118	+2.5
Ommeren (Van)	32.8	−2.1
Pakhoed	45	+0.1
Phillips	22.3	....
Rijn-Schelde	43	....
Robeco	237	+1.5
Rodamco	122.2	+0.2
Rolinco	258.5	+2.0
Rorento	131.8	+0.8
Royal Dutch	89.1	−0.6
Slavenburg's	118.5	−0.5
Tokyo Pac Hg.	244	+2
Unilever	146	−0.2
Viking Res	150	+3
VMF Stork	44.5	−0.5
VNU	61	....
Volker-Stevin	26.9	−0.5
West Utr Bank	149	−3

AUSTRALIA

May 27	Price Aust. $	+ or −
ANZ Group	4.85	+0.03
Acrow Aust	1.30	....
Allstate Expl	0.90	−0.05
Ampol Pet	1.65	....
Assoc. Pulp Pap.	2.30	....
Aud'mco	0.21	+0.01
Aust. Cons. Ind.	1.98	....
Aust. Guarant.	1.86	−0.04
Aust. Nat. Inds	3.55	−0.05
Aust Paper	2.22	+0.02
Bank NSW	3.08	−0.04
Blue Metal	1.98	−0.02
Bond Hldgs	3.65	−0.05
Boral	3.75	+0.03
Bl'ville Copper	1.70	−0.02
Brambles Inds.	3.02	−0.03
Bridge Oil	6.80	....
BHP	14.80	−0.05
Brunswick Oil	0.27	−0.01
CRA	4.55	+0.05
CSR	6.44	−0.06
Carlton & Utd	2.75	....
Castlemaine Tys.	3.00	....
Cluff Oil (Aust)	0.47	−0.01
Do. Opts	0.30	−0.02
Cockburn Cemt.	1.75	....
Coles (G.J.)	2.52	+0.02
Comalco	2.35	−0.15
Cons Gold	6.5	....
Containers	6.14	....
Costain	4.10	....
Crusader Oil	6.30	−0.10
Dunlop	1.27	+0.01
Elder Smith GM.	4.50	−0.10
Endeavour Res.	0.59	+0.03
Gen Prop Trust	1.70	....
Hamersley	4.40	....
Hartogen Energy	8.50	+0.18
Hooker	1.47	....
ICI Aust.	2.15	....
Jennings	1.45	....
Jimberlana 25c	0.95	....
Jones (D)	1.47	+0.02
Kia Ora Gold	0.30	....
Lennard Oil	0.79	−0.05
MIM	4.88	−0.02
Meekatharra Ms	6.90	....
Meridian Oil	0.50	+0.01
Monarch Pet.	0.36	....

JOBS COLUMN

Pay and priorities of bank chief executives

BY MICHAEL DIXON

PROBABLY LIKE most outsiders I always believed that the experience which got one to the top in bank management was that of lending more and more money to richer and richer people.

Indeed, this belief seemed to be confirmed by no less an authority on management than Professor Peter Drucker when he ruled that banking was the only field in which an executive's job did not change radically with each step upward in the hierarchy. All that happened when bank managers were promoted, he added, was that an extra nought was added to the sum of money they were authorised to lend.

I have been obliged to revise my view, however, by a report on senior bank managers which is published today by the international recruitment consultancy of Heidrick and Struggles. The result of a recent survey of the chief executives of 121 banks in the United Kingdom—rather more than a third of those whose UK operations extend beyond mere representative offices—the report shows that the top managers consider dealings in money as such to be only a subsidiary concern of their work.

Although all the executives covered by the survey are kings of their particular castles, some are of higher rank than others. This is because 82 of them head the UK operations of foreign-owned banks, and so are only the heads of subsidiaries. The remaining 39, being the heads of clearing and other kinds of bank headquartered in the UK, represent the higher rank of group chief executive.

This no doubt explains why the approximate average salary of the 39 UK eminences is £43,600 with 36 per cent of them having an equity stake, compared with an average of only about £32,500 among the 82 foreign-bank heads of whom 28 per cent have an equity share.

Where perks are concerned, 51 per cent of the UK-owned contingent have company cars, one in every 20 having chauffeurs. Free housing is enjoyed by 8 per cent, assistance therewith being supplied to a further 32 per cent, and 11 per cent have personal loans. They apparently receive no help with their children's education, but 22 per cent have non-contributory pensions.

Of the foreign-owned group, 47 per cent have company cars and 6 per cent chauffeurs. Free housing is provided for 22 per cent and assistance for another quarter, with 8 per cent having personal loans. Help with children's education is received by 8 per cent, and a tenth have non-contributory pensions.

As well as looking into the bank chief's rewards, Heidrick and Struggles inquired into what they principally do to earn them in the sense of which aspects of their jobs they consider as demanding the most attention. And here there seems to be a marked difference between the 82 subsidiary heads and the 39 higher rankers.

The foreign-bank contingent gave pride of place to business-development and marketing. But being international bankers themselves, when asked what sort of experience would best fit someone to step into their shoes in the next five to 10 years, the 82 largely recommended international banking.

For the UK group, however, the most demanding aspect of the job turned out to be "personnel matters".

With the exception of nine who were heads of accepting and issuing houses, the British-bank chiefs variously rated dealing with employees as between 66 and 200 per cent more pressing than business development and marketing. And when they were asked what kind of background would be most suitable for bankers aspiring to succeed them, they accorded first place to general management including administrations, operations and of course personnel matters.

So for the UK banks at least Heidrick and Struggles seems right to conclude that "today's chief executive is primarily concerned with running the shop." Which I suppose is all right provided that somebody else is minding the store, particularly against the competition of those marketing-minded foreigners. But whether or not that is the case, the survey unfortunately does not tell us.

Two for one

AS IT happens, Heidrick and Struggles director Paddy Sandford-Johnson is seeking two people for a California-based company which he may not name. So he promises to abide by any applicant's request not to be identified to the employer without further notice.

The company, which has lately gone public but still has 47 per cent of its stock held by employees, has total sales of $60m in equipment for maintenance, installation work and suchlike. Half of this turnover already comes from Europe, and it wants the two recruits to contribute to further expansion of its business there.

The first will be the European managing director responsible to the president for the operations of three manufacturing plants outside the UK as well as marketing and so on. Based near London's Heathrow Airport, this newcomer will already have run a business operation in capital equipment of engineering kind with at least sales branches on the Continent. French and German languages helpful. Salary indicator £30,000 plus equity stake, and perks including car.

The second will be based in the West Midlands as UK managing director responsible to the European managing director for sales and marketing in this country, with a sales force of about 100. Success in similar job in capital equipment is needed. Salary indicator £25,000 with car among perks.

Inquiries to Mr Sandford Johnson at 25-28 Old Burlington St, London W1X 2BD; telephone 01-734 9091, telex 299646 Hidstr G.

Snake pit

SOME READERS have confoundedly long memories. Returning from the illness which banished the Jobs Column after its report of April 9 on the seminar about astrology, palmistry and graphology at the British Psychological Society's conference, I found half a dozen similar requests.

While the news on astrology was welcome in its way, they said, they would have preferred enlightenment on something else. This was another session of the conference, which this column had previously mentioned as the most startling item on the agenda—to wit, "The effects of sex and fear level of subjects on the snake approach behaviour of dyads."

Well, I must confess that I was confused myself at first. I expected the session to report on what happened to "subjects" (presumably people) of different genders and susceptibility to terror, when they were suddenly confronted with things called dyads wriggling along the ground towards them.

But that was wrong.

"Dyads," you see, apparently means pairs, and in the case of this experiment pairs of people, or "subjects" as I had rightly divined. Collecting an assortment of men and women scared of snakes and women and men professing indifference to same, the psychologist paired them up in different permutations before incarcerating them with a "large, exotic but harmless snake." They were then watched to see how keen or otherwise each of the various couples was to approach the reptile with a view to fraternisation.

I hope that fills the bill, especially since what was proved thereby remains beyond me. But if readers should ever need to know what sort of human pairing is either least or most likely to be driven mad by being put into a snake pit, they would do well to contact psychologist Phillip D. Evans of North East London Polytechnic.

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R.R. Varley, Ref: 35160/FT. Male or female candidates should telephone in confidence for a Personal History Form **021-622 2961,** *Albany House, Hurst Street,* **BIRMINGHAM,** *B5 4BD.*

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David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

LENDING OFFICER £16,000+

We are seeking a Lending Officer, Europe, on behalf of a U.S. bank. Based in London, duties will be to expand the existing marketing programme in Europe with particular emphasis on Germany. Fluency in German is essential as are strong marketing and credit skills and experience in specialised product areas such as Trade Finance and Treasury Management.

CREDIT ANALYST £ Excellent

Well-established U.S. bank is seeking a bank-trained Credit Analyst with a relevant degree background. Fluency in German or a Scandinavian language and formal credit training with U.S. bank an added advantage. Preferred age 23-28.

A.C.A. (FINANCIAL ACCOUNTS) £10,000

A challenging opportunity for a young A.C.A. to assist the accountant of a European bank in the provision of a total financial support service to management.

PLEASE CONTACT NORMA GIVEN IN RESPECT OF THE ABOVE APPOINTMENTS ON 01-248 1858/9.

PETROLEUM TRADING

Substantial European financial, industrial and commercial group is planning to extend its activities into oil trading and establish a London office.

Initially, posts will exist for a PRODUCTS TRADING MANAGER, with proven track record, and an ASSISTANT, both with sound supply and chartering experience.

Those interested should write to:

JOHN HART
Ashfield 39 Oatlands Chase Weybridge Surrey KT13 9RP
(Walton on Thames 21125)

Banking Personnel

BUSINESS DEVELOPMENT

Age range 25-35 Salaries from £10,000–£20,000

Within London's International and Merchant Banking Community, truly effective marketing officers have always been at a premium and never more so than today, when all the major banks are devoting greater energy and resources to the acquisition of sound new business.

We are fortunate in having an exceptionally wide selection of marketing vacancies to fill at present, ranging from a Junior Account Officer role within the rapidly expanding London branch of a major European Bank, to a fully experienced developer of new U.K. business for a leading Consortium bank.

In all cases our clients demand a high level of academic and personal achievement and in the case of the more senior roles a proven record of success in the development of new business. In return, they offer exceptional terms and conditions of employment with outstanding opportunities for advancement.

If you feel that you embody the various qualities to which we have already alluded, please contact our General Manager MARK STEVENS for an exploratory discussion.

"OUR NAME IS YOUR GUARANTEE OF CONFIDENTIALITY"

41/42 London Wall, London EC2. Telephone: 01-588 0781

Financial Managers
Aged 26-32

Our client, a major multinational group and a world leader in its field, continues to experience a significant expansion of its business.

As a result, there is a current requirement for a number of young, well qualified Accountants to take up key roles within the organisation. All the positions outlined below provide the opportunity for career and rapid salary progression leading to senior executive roles within a time-scale of 2 years.

Regional Controller
London, WC2 c.£15-18,000

Reporting to the European Regional Manager, you will have responsibility for the total accounting function within Europe. Previous exposure to multinational organisations, together with the personal skills to thrive in a demanding environment is essential.

Chief Accountants
London, WC2 c.£15-18,000

Previous multinational experience in a demanding environment together with a good knowledge of French is essential. Candidates must be flexible and willing to accept a possible overseas relocation within 2 years as a result of promotion.

Internal Consultants
Paris c.£15-20,000

These positions are envisaged as providing a support function to several operating units in Europe, with a view to a move into a line-management role after sufficient experience of the organisation's business has been obtained. Suitable applicants may be from the profession for the junior role and, although some commercial experience is preferred for the more senior position, Audit Managers with a 'big eight' background may also apply.

Accountant
Dubai Aged 26/27
To $40,000 + substantial benefits

Reporting to the Regional Manager and working together with the Chief Accountant, this is an opportunity to be trained into a broad financial management position located elsewhere in the Group within 18 to 24 months (Europe, US or Far East). Duties will be wideranging from undertaking ad hoc investigations, fiscal accounting, looking at operational developments in the region and reviewing accounting systems with a view to possible computerisation.

Applicants, male or female, who are suitably qualified should either 'phone or write to Anthony M Justin or Harry Chryssaphes at MCS/Robertson & Scott Recruitment Limited, Control Data House, 179-199 Shaftesbury Avenue, London WC2H 8AZ. Tel: 01-836 3464.

MCS
Robertson & Scott Recruitment

Merchant Banking

S. G. Warburg & Co. Ltd.

Project Finance

We are seeking an imaginative and energetic executive of outstanding ability, capable of assuming immediately a responsible role in our expanding project finance team. The team advises clients on major projects in the United Kingdom and overseas.

The successful applicant, who is likely to be aged between 25 and 30, with a professional qualification in law or accountancy and/or a degree in business studies, will probably have had a minimum of 3 years experience in the appraisal and financing of major projects. Specialised knowledge of the oil and gas industry and fluency in French and/or Spanish would be a considerable advantage. The post carries with it a requirement for extensive travel throughout the world.

Applications, enclosing a curriculum vitae, which will be treated in strict confidence, should be sent to:

G. E. J. Wood, Executive Director,
S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

Financial Futures
An outstanding career opportunity

1981 has witnessed an increasing awareness of the part of bank money desks and sophisticated corporate treasurers in the potential use of Financial Futures as a money management tool. Use of these instruments will continue to grow in the 1980's, especially with the arrival of the new UK Financial Futures Market.

To ensure strong support for our international clientele, Merrill Lynch intend to develop regional centres offering a specialised, professional service in financial futures.

We would be particularly interested in hearing from people with the following backgrounds:-

- Registered Representatives currently specialising in U.S. domestic bond markets and/or futures markets.
- Broad experience at a bank money desk, including eurodollar time deposits and some forex business.
- International money broking.
- Practical experience in UK domestic cash markets including gilts.

Successful candidates will receive extensive training in London, Chicago and New York and will be supported by Merrill Lynch's fully competitive professional services.

Starting salary will be related to experience and expertise, and the total remuneration package will be determined by your own efforts and ultimate results.

If you are amb[illegible]ous and seek professional challenge and rewards please send full details of your career to date to:-

Nigel T. Carter, Recruitment Officer,
c/o Merrill Lynch, Pierce, Fenner & Smith,
(Brokers & Dealers) Ltd.,
Merrill Lynch House, 3 Newgate Street,
London EC1A 7DA.

Merrill Lynch

ASSISTANT COMPANY SECRETARY

We are a major European manufacturer of heavy transport vehicles with U.K. sales in excess of £25m.

Our U.K. subsidiary is currently expanding its marketing and distribution activities and as Assistant Company Secretary you will contribute to this by bringing additional professionalism to all administrative aspects of the function.

The successful applicant (male or female) will probably be aged 30-40 with wide ranging commercial experience supported by a good knowledge of company law, management information systems and corporate finance.

This is a demanding but rewarding job with exceptional long term career prospects.

An attractive salary, company car, medical care and re-location expenses (where applicable) form part of the benefits package.

Location:
Rural to the North of London.

Please write, in confidence, and with a full 'cv' (no application form at this stage) to our professional adviser:
The Managing Director,
E.P. International Ltd.,
9 Groom Place,
Belgrave Square,
London SW1X 7BA.

E.P. INTERNATIONAL LIMITED

General Manager
Financial and Accounting Services
LONDON c. £17,000

International Military Services Limited is a British Government owned company, engaged in the supply of defence equipment, technical support and major engineering projects for overseas governments.

Due to the continuing expansion of our business, we wish to fill the new position of General Manager, Financial and Accounting Services. Reporting to the Director of the Finance Division, the General Manager will control, co-ordinate and develop the key functions of both the Financial and the Management Accounting Departments; in addition, the General Manager will deputise for the Director as and when necessary.

Applicants, preferably aged mid 30's to mid 40's, must be professionally qualified accountants with a minimum of five years in a relevant senior line position in industry or commerce, which must include experience of computerised accounting systems.

Benefits include a non-contributory pension scheme and free BUPA membership.

Please write giving career and salary details to Mr. P. M. Cross, Personnel Manager, International Military Services Limited, 4 Abbey Orchard Street, London SW1P 2JJ.

This appointment is open to men and women.

IMS International Military Services Limited

Assistant Company Secretary (Designate)
Liverpool

Pioneer Mutual Insurance Co. Limited, whose origins go back to 1839, is a member of the Life Offices Association and has 44 offices throughout the country servicing over 1.5 million policy holders.

With assets currently in excess of £90 million Pioneer is one of the fastest growing life companies in the UK. The continued growth of the Pioneer Group, which incorporates eleven subsidiary companies, creates a challenging career opportunity for a young qualified Chartered Accountant to assist the Company Secretary in the preparation of Group final accounts, taxation computations, monthly management accounts, budgets, costings, day to day investment management and general secretarial duties.

The successful applicant can anticipate early promotion to assistant Company Secretary.

The total remuneration package will fully reflect the importance of the position and will include a staff house purchase scheme at favourable rates. Assistance will be given for relocation to the Liverpool area.

Applicants should write in confidence to David Bleazard, Company Secretary, giving a brief resume of career to date.

Pioneer
Mutual Insurance Company Limited
Pioneer House, 16 Crosby Road North,
Waterloo, Liverpool L22 0NY.

FINANCIAL DIRECTOR
Expansion c £17,000

For a diversified, medium sized group of companies in production, wholesale and retail activities, being rapidly but kindly turned round following take-over by a private company with liquid assets and a track record of successful development.

This position forms a vital part of a small, dynamic and disciplined team. It carries responsibility for efficient accounting systems in subsidiaries, capital investment appraisal and contribution to corporate decision making.

Candidates will be positive individuals with proven financial and management accounting experience at up to Board level and project or consulting work, preferably in turn round situations.

Salary is negotiable and excellent benefits include car and relocation assistance to the Leeds area if relevant.

Please reply in strict confidence, quoting Ref. No. 0306, and giving details of experience, qualifications and earnings to, P. M. Small at:

QMS Recruitment
Quorn House, 6 Princess Road West,
Leicester LE1 6TP.

CRAWFORDS K.P. FOODS WIMPY

Chartered Accountant

A young top level Chartered Accountant is sought by United Biscuits - one of the most successful companies in the UK food industry, with extensive overseas interests, particularly in North America.

The successful candidate, male or female, will have considerable responsibilities for financial reporting and full involvement in a broad range of financial tasks, as well as responsibility for accounting staff. This important post is based at Group Headquarters in Isleworth, Middlesex.

Candidates (preferably mid-late 20's) must have been qualified for at least two years, have a first class track record and be able to demonstrate the ability and ambition to take advantage of the career opportunities offered by United Biscuits.

Excellent remuneration plus company car. Relocation expenses. Other benefits will be commensurate with a senior management appointment.

Please write or telephone for an application form and job description, to:
Miss P Jung, Personnel Manager, United Biscuits (UK) Limited,
Grant House, P.O. Box 40,
Syon Lane, Isleworth,
Middlesex, TW7 5NN.
Tel: 01-560 3131 Ext. 4025.

MACFARLANE LANG KEEBLER (U.S.A.) CARRS

UB United Biscuits (UK) Limited McVITIE'S

LEADING

FRENCH TOY MANUFACTURER

—STRONG EXPANSION—
SEEKS EXECUTIVE FOR
U.K. SUBSIDIARY
SALES COMPANY

Mission: prospecting and taking orders with mail order customers, large stores and retail shops. According to results creation of sales team which he/she would lead.

To begin with he/she will work from home, then later office and warehouse would be set up.

Aged around 30, the successful candidate should have a good sales experience and a liking for team work. Knowledge of French language appreciated.

He/she should be determined and ready to accept responsibilities.

Send curriculum vitae, photo, motivations, to:

Box A7532, Financial Times
10 Cannon Street, EC4P 4BY

Fixed Interest Salesperson
Age 28-40 £ negotiable

A senior fixed interest sales executive is required by a prime name in the securities market. Good understanding and knowledge of dollar markets, bond and other fixed interest instruments is essential, together with an ability to communicate economic data, market views, etc., to major institutional investors and clients. A substantial salary is attached to this position and will be negotiated according to age and experience.

Institutional Salesperson
Age 28-35 Salary negotiable to £25,000

A major firm of stockbrokers requires an institutional salesperson with a proven track record and at least three years' experience, covering Equity sales in the following sectors: Financials, Insurance, Pharmaceuticals, Consumer Durables. The ideal candidate will be a person with an academic/research background and will have had additionally some experience of Gilt sales.

LJC Banking Appointments Ltd.
170 BISHOPSGATE, LONDON EC2M 4LX 01-283 9953

Technical Directorate
The Institute of Chartered Accountants
London to £13,000

As a result of internal promotion a vacancy has arisen for an Under Secretary in the Parliamentary and Law section of the Technical Directorate. This position offers an exciting and challenging opportunity to a high-calibre young accountant who can communicate at a senior level with influential people in Parliament, Whitehall and the City. The work is extremely varied and technically stimulating. Some of the main subjects being covered are the Companies Bill, the audit and accounts of Government and proposed changes in company taxation. There is plenty of scope for future development either by promotion or by transfer to other sections within the Technical Directorate such as the Accounting Standards Committee. Candidates must be qualified accountants (male/female) preferably graduates in their late twenties. Salary will depend on age and experience. Ref. 1192/FT. Apply to R. P. Carpenter, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter
Selection Consultants

FIELD EXECUTIVE LTD.
INTERNATIONAL RECRUITMENT CONSULTANTS

Career opportunities have arisen within a progressive electrical manufacturing company. Our clients currently require the following:

SENIOR AUDITOR responsible for internal audits in excess of £150m turnover. The successful candidate must have a professional accountancy qualification and have considerable audit experience. Excessive travel throughout the UK is required with the opportunity to work from home. c. £12,000 plus Car.

COMPUTER AUDITOR Successful candidate must have a professional accountancy qualification and have the minimum of 2 years' computer audit experience as well as having the ability to programme an ICL 903A or a Univac 1160 (Cobol language). It is also essential that candidates are able to communicate at all levels. c. £14,000 plus Car.

SENIOR AUDITOR ACA qualified, experience of factory audits is essential. c. £12,000 plus Car.

MANAGEMENT CONSULTANT required to work for a large firm of accountants based in London. Candidates should be aged 26-32, have a degree and be successful in attaining ACA qualifications at the first attempt. Must also be able to communicate at all levels. c. £16,000.

Applications to:
FIELD EXECUTIVE LTD.
Field House, 14 Commercial Road, Swindon, Wiltshire
or Tel: (0793) 37773 (24-hour answering service) or (0793) 37774
A Member of the Dimond Afield Group

INVESTMENT TRUSTS

A mature intelligent person in mid-20s is required for an investment trust analysis position in City company to work with a trading team.

Apply in confidence to:
Box A7530, Financial Times
10 Cannon Street, EC4P 4BY.

FINANCIAL FUTURES BROKERAGE COMPANY
seeks

MANAGING DIRECTOR

with at least five years' experience in Futures and a strong background in Financial Markets to set up/manage new London operation. Candidate must be C.F.T.C. registered. Compensation based on performance.

Send C.V. to Box A7526, Financial Times, 10 Cannon Street, EC4P 4BY.

CITY BASED FIRM
requires
YOUNG DEALER

to join rapidly growing brokerage operation. Salary commensurate with experience.

Replies with brief C.V. to:
Box A7528, Financial Times,
10 Cannon Street, EC4P 4BY.

FINANCE DIRECTOR — W.1.

Private Group of Companies in Finance and Investment business and with international interests seeks energetic Finance Director to take charge of all controls as well as contribute to commercial management. Salary and terms by arrangement.

In the first instance write fully to Box A7529, Financial Times, 10 Cannon Street, EC4P 4BY.

International Appointments

ICCH
Treasurer
with International Commodities Clearing House Ltd

This unique City company which provides a clearing and guaranteeing service to the commodity markets has established a pre-eminent position in the field of international commerce. The company is expanding both in the UK and overseas.

This is a senior management post, a new appointment which offers tremendous scope for the future. Reporting to the Finance Director, you will assist in formulating and implementing the company's financial policies, to include securing the maximum return on investments without speculation and maintaining and developing bank relationships.

You must have extensive experience in banking and/or corporate finance, perhaps an Economist but with an understanding of fund management and foreign exchange. You will probably be in your mid-30s and currently earning a minimum of £15,000 per annum.

There are extremely good fringe benefits including a car, immediate mortgage subsidy, free BUPA and non-contributory pension.

Location – City of London.

Please write in strict confidence quoting ref. 271 to:

D.B. Atkins, Director
Alliance Management Consultants Limited
15 Borough High Street, London SE1 9SH
Tel: 01-403 0894.

Alliance
Management Search Division

BANKING OPPORTUNITIES IN THE MIDDLE EAST

Saudi Arabia **£Neg – tax free**

Our Client, a fast expanding commercial bank with strong international connections, requires the following well qualified personnel to assist in its dynamic growth projections:-

Business Development & Lending Officer
Auditor
(2) Operations Supervisor(s)
Asst. Area Manager (credit)

Candidates for these key positions will be in the age range 27-35 and preferably professionally qualified. A background in international banking with expertise in the above areas is as important as enthusiasm and a willingness to work in a relatively unstructured environment.

These appointments are offered on the basis of an initial 3 year contract, and are accompanied by attractive tax free salaries and favourable expatriate benefits including free accommodation.

Contact Norman Philpot or Tom Kollinsky in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812 3 4 5

Hambros Bank Limited

Bond Sales Executive

Applications are invited for this position in our International Banking and Issues Department.

Responsibility will be for the marketing of International Securities to U.K. Institutions.

The position will be attractive to those with 3/4 years sound experience of Stock Exchange procedures in relation to International fixed interest securities who now seek to use their knowledge and test their ability in a demanding, competitive environment.

Previous experience is likely to include at least one year as a dealer. Probable age 23–37.

Salary will be negotiable, depending on experience. Fringe benefits include non-contributory pension, BUPA, house mortgage subsidies.

Please write, in strict confidence, enclose a curriculum vitae to:

A.F. Brignall, Personnel Manager, Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA.

Internal Auditor

c. £10,500 + Car

The Wilkinson Sword Group is now being integrated as a major division of the Pittsburgh based Allegheny International Group and wishes to strengthen its internal audit department. Reporting directly to the parent company in Pittsburgh, this department is responsible for the audits of both Allegheny and Wilkinson subsidiaries in Europe and Africa.

The post requires, therefore, a well-qualified man or woman (ACA, ACMA, ACCA), preferably a graduate looking for their first or second job in industry. Self-motivation is essential and he or she must be able to make an immediate contribution to the team effort. The position will entail up to 50% travel within the UK and overseas.

As well as the excellent salary there are, of course, the usual benefits normally associated with a large international company.

For further details please apply with full CV to Judith Elbling, Wilkinson Sword Group Limited, Langley Hall, Langley, Slough, Berkshire.

WILKINSON SWORD

DEMINEX
Deutsche Erdölversorgungsgesellschaft mbH

Senior Drilling Engineers and Superintendents

Deminex oil company operates or has an interest in operating drilling and production facilities worldwide.

Our exploration and development drilling effort will continue to increase throughout the 1980s and to meet our programme, we are seeking to expand our technical manpower resources.

Vacancies now exist for a senior drilling superintendent and a senior drilling engineer and the candidates we appoint for these posts will have had several years experience in similar positions, will be qualified to at least HND level and will be capable of assuming an operational role in the fields or an advisory position in central offices.

Deminex salaries are highly attractive and overseas allowances are generous and because we are young and growing fast, career prospects are excellent.

Please write giving brief details to

DEMINEX
Deutsche Erdölversorgungsgesellschaft mbH
Department 131
P.O. Box 100944, D-4300 Essen 1, W. Germany

Opportunities in South Africa

The Gold Fields of South Africa Group, which currently employs over 75,000 people on its various gold, coal and base metal mines, has vacancies in the Valuation Section of the Group's Head Office in Johannesburg for:

Investment Analysts (Technical)

The Valuation Section is responsible for:-

translation of technical assessments into financial terms to provide a basis for project investment decisions;

financial assessment of long-term planning alternatives;

valuation of quoted and other companies.

Applicants should have a university degree, preferably in mining or another quantitative discipline, and at least two years post-graduate experience in investment analysis in a mining or related field.

Attractive salaries will be offered, according to qualifications and experience. Benefits include air passage to South Africa (including family), relocation and settling-in allowances, accommodation at the Company's expense for an initial period, non-contributory pension scheme, contributory medical aid scheme and generous leave. The cost of living and taxation are generally lower in South Africa than in the UK.

Applicants appointed will be expected to obtain permanent residence permits.

Interviews with representatives from GFSA will be held in June at the offices in London of the Group's associated company, Consolidated Gold Fields Limited. Please write, with brief relevant particulars, to the Personnel Officer (ref. GFSA), Consolidated Gold Fields Limited, 49 Moorgate, London EC2R 6BQ.

Gold Fields
Gold Fields of South Africa Limited

International Auditor

London **Negotiable from £20,000**

Major U.S. industrial group, with a turnover in excess of 200 million U.S. Dollars, requires a highly qualified and experienced International Auditor.

The position is based in London, but involves extensive travel in Europe, Middle East and Africa. You must be a Chartered Accountant, who has had at least eight years in audit, experience in a multi-national U.S. business environment and U.S. accounting and reporting principles.

A good working knowledge of German essential and familiarity with any other languages would prove a distinct advantage.

As Executive Search Consultants, we guarantee complete confidentiality. Please reply, giving present salary, age and career details and listing separately any company in whom you are not interested to:

Box No. A7524
Financial Times, 10 Cannon Street, London EC4

Financial Controller

PARIS c £20,000

Our client is a London based privately owned trading company with a subsidiary company located in Paris. They currently require a financial controller in Paris who will also have the opportunity to become involved in a broader management role. After qualifying, preferably as a chartered accountant, the successful candidate will have spent several years in a commercial environment. A sound professional approach and a firm commercial grasp of the priorities of a fast moving trading company are essential.

This is a first class opportunity for an accountant to widen the scope of their involvement.

Il faut que le candidat parle couramment le français. Essential; le candidat choisi aura vécu et travaillé en France.

For further details please contact: Richard Wilson Ref. F.T. 101

Badenoch & Clark
4 New Bridge Street, London E.C.4
Telephone: 01-353 7722 1867

Opportunity for

TOP SALESMAN

Large Spanish building company, near Alicante, Spain, seeks top salesmen in Great Britain, for Spanish property. Our prices are outstanding, e.g.:

2 bedrooms with plot of land £8,000
3 bedrooms with plot of land £9,000

We guarantee an excellent commission.

Please contact:
Henricus Stroms
Dornbachweg 20
6367 Karben 4
W. Germany.
Tel: 06039/1930.

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals world wide.

01-637 7604

BERMUDA GOVERNMENT AUDIT DEPARTMENT

Assistant Auditor—

$25,996 rising by annual increments to $27,983

Candidates are invited to apply for the post of Assistant Auditor.

The successful candidate will work under the general direction of the Government Auditor or Deputy Auditor in supervising the audits of Government departments and quasi-government organisations. Duties include preparing reports on internal control and systems efficiency; undertaking special investigations; developing audit programmes; and giving advice at senior level on all aspects of accounting.

Candidates must hold an internationally recognised accounting qualification. They should also possess three years' post qualification experience, including all aspects of auditing. However, professionally qualified candidates without that length of service, particularly if their qualifications are acceptable to the Institute of Chartered Accountants of Bermuda for the public practice of auditing, would be given favourable consideration for appointment.

The appointment will be for a contract period of three years. Passages, baggage and settlement allowance will be provided. There is no income tax in Bermuda, and BD$=US$.

Airmail applications, giving full personal, education and career details, should be addressed to:

The Secretary
Public Service Commission
Post Office Building
Hamilton 5-24
Bermuda

Applications should arrive not later than 11th June 1981.

INTERNATIONAL BANKING

U.K. CORPORATE LENDING **c. £16,000**
Active international bank wishes to strengthen its U.K. marketing team with a young (c.30) banker whose credentials encompass a formal credit training and successful experience of identifying and developing lending and other business opportunities.

INTERNATIONAL AUDITING **to £12,000**
The task is to plan and conduct audits of this prominent U.S. bank's London and European operations and is a challenging opportunity for an experienced and qualified banker/accountant.

SYSTEMS ANALYST/PROGRAMMER **c. £9,500**
Expanding European bank needs someone with a sound technical understanding of IBM 34/RPG 2 to lead the on-going development of its automated operations system.

OPERATIONS ACCOUNTING **£7,000-£9,000**
Two vigorously expanding City banks each seek someone with good practical skills, the more senior post particularly demands supervisory abilities as well.

Please telephone Ann Costello or John Chiverton A.I.B.

John Chiverton Associates Ltd.
31, Southampton Row
London, W.C.1.
01-242 5841

Australian Foreign Exchange Dealers
Develop your career back home with Citibank N.A.

Citibank N.A. is one of the world's largest and most progressive international banks with an excellent reputation for foreign exchange dealing.

The continuing expansion of our Australian operation now means that we are looking for Australian Foreign Exchange Dealers who wish to develop their career in Sydney with Citibank.

To apply for these positions you must be an Australian national, aged 25-40 with substantial foreign exchange trading experience gained in a major bank, broking house, or similar financial institution. Qualifications are not as important as experience for these positions, although obviously a degree would be an advantage.

We are offering an excellent package including an attractive salary, relocation expenses and subsidised housing. Additionally, prospects for career advancement for ambitious and able dealers are excellent throughout the worldwide Citibank network.

Please write with full details of background and career to date to: Edward Clark, RVP Manpower Director, Asia, Australia, Middle East, Africa Banking Group, Citibank N.A., 336 The Strand, London WC2.

CITICORP
AUSTRALIA LIMITED

INVESTMENT OFFICER

The United Nations Development Programme, the world's largest multilateral technical assistance organization, seeks an Investment Officer for its Headquarters in New York to manage a portfolio of $400 million held in 25 currencies. Applications are invited from individuals possessing a postgraduate degree in finance, economics, accounting or equivalent business experience, as well as at least five years work experience, of which a minimum of three years should be in international banking, currency trading, or money market operations.

Annual salary and allowances from U.S.$36,000 to U.S.$59,000 depending on experience. Initial contract duration two years.

Applications, quoting reference VA/876/81, should be addressed to Recruitment Section, Division of Personnel, UNDP, One UN Plaza, New York, N.Y. 10017.

For a recently installed modern factory for the production of pharmaceuticals located in Ras Al-Khaimah (U.A.E.) we have a vacancy for:

TECHNICAL MANAGER/PHARMACIST

The candidate should be able to solve all matters of production and management according to GMP regulations.

We expect for this prestigious job application a graduated pharmacist aged between 35 and 45 years with at least five years experience working with pharmaceutical products. A good command of English is necessary.

We offer a good salary, bonus on the revenues and attractive living conditions.

Please send your application and c.v. to:

MR. M. E. DURR
43 Berkeley Square, London, W.1

DEVELOPMENT OFFICER FOR PROJECTS

UK office of overseas group is looking for a Development Officer for Projects.

The successful applicant will be capable of assessing the full requirements of a variety of projects worldwide, and preparing full feasibility studies, layout plans, etc., on a turn-key basis, and have qualifications in economics and/or business studies and administration, and have had previous working experience in this field.

The Company is based in modern offices in the Harrow area of Middlesex and salary is negotiable according to qualifications and experience.

Initially please send full career history or CV to:
Box A7516, Financial Times, 10 Cannon Street, EC4P 4BY

BUYING AND SELLING ORGANISATION

of well established EEC manufacturers in the sectors work protection, emergency medical treatment, nuclear protection technique and commercial diving equipment, seeks colleague for cultivation and expansion of our clientele in the UK, and for the management for our English subsidiary. Above-average renumeration.

Write Box A7522, Financial Times
10 Cannon Street, EC4P 4BY

ASTLEY & PEARCE LIMITED

are looking for an experienced Eurocurrency deposit broker for their operations in the Far East. A knowledge of and experience in dealing with Japanese banks would be a particular asset. Salary will reflect ability and experience and a first class range of company benefits will be offered.

Please reply in writing to:

Mr. W. E. Matthews, Director
ASTLEY & PEARCE LTD.
80, Cannon Street, London EC4N 6LJ

COMMODITIES AND AGRICULTURE

Clawback scheme disappoints

By Larry Klinger in Brussels

BRITAIN expressed "extreme disappointment" over yesterday's proposal from the European Commission to adjust the EEC levy on British lamb sales to other European Community countries, the so-called "clawback" mechanism.

The Commission is proposing a complicated formula that would reduce the effects of the clawback in order to help the hard-pressed British traders to sell on the Continent more profitably, and at the same time increase the ewe premium in an attempt to protect the producers incomes.

It wants to reduce the guide price to 80 per cent of the basic price from the current 85 per cent and therefore reduce the difference between the guide price and the average market price and therefore the amount of the clawback.

Details of the proposals are being sent to Whitehall for study, but initial British reaction was that it fell far short of Britain's demand for an immediate straight-forward "abatement" of the clawback without disturbing the producers' price.

It is also thought that this "medium-term" solution will be hard to introduce because of seasonal complications.

Five-year low for cocoa

By Our Commodities Staff

COCOA PRICES fell to their lowest levels for five years yesterday with the July position in the London futures market ending £9 down at £857.5 a tonne.

Dealers said the continued fall — prices have now fallen nearly £100 this month — was still mainly influenced by reports of producer selling from the Ivory Coast and Nigeria. In addition fading hopes for the effectiveness of the International Cocoa Agreement with the Ivory Coast and the U.S. still refusing to join is depressing the market.

The International Cocoa Council is expected to extend the ratification date for the agreement, negotiated last summer, from May 31 to June 1. But there is little chance of the Ivory Coast, the world's biggest exporter, will change its mind by then.

U.S. warning on grain exports

BY LARRY KLINGER IN BRUSSELS

THE U.S. yesterday gave the EEC notice that the Reagan Administration was mounting a world export drive for grain and would not "sit back if EEC subsidised wheat exports threatened its traditional markets.

Mr. John Block, the U.S. Secretary for Agriculture, said there was no question of meddling in the European Community's internal affairs but that the U.S. would treat the EEC as an unfair competitor if subsidised sales of European surpluses threatened the "traditional" interests of the American farmer.

Mr. Block had just completed two-days of high-level talks with European Commission officials, who were equally firm over questions of EEC-U.S. agriculture interests. Commission President Gaston Thorn told Mr. Block that these issues did not constitute a "one-way street."

Both M Thorn and Agriculture Commissioner Poul Dalsager emphasised to the Americans that the Community expected full consultations with the U.S. to settle any conflicts of interest on a give-and-take basis.

The Commission emphasised the fact that the Community was currently running a $24bn trade deficit with the U.S. of which about 60 per cent was in agriculture.

Mr. Block, who is on a 12-day tour of European capitals that will include London, Paris and Bonn, spelled out a similar message to those delivered over the past two weeks by other high-level U.S. officials visiting Brussels: that the Reagan Administration was pursuing an aggressive free-market policy.

The Agriculture Secretary said that the U.S. was mounting a world-wide export programme with the minimum use of subsidy, including a drive to re-establish its market with the Soviet Union.

Mr. Block called the grain embargo imposed on Russia by the Carter Administration "ill-advised." The new Administration, he said, was working actively to re-establish this market and was hoping to obtain a new agreement with the Soviet Union, either on a long-term basis or with some informal arrangement.

Chile's force majeure lifts copper values

BY OUR COMMODITIES STAFF

NEWS THAT Codelco, Chile's state-owned copper corporation, had declared *force majeure* from June 1 onwards on shipments of copper from its strike-hit El Teniente mine lifted copper prices on the London Metal Exchange yesterday.

At the close of the market cash copper wirebars were trading at £831 a tonne, up £3.50 on the day. The Codelco announcement came after the close pushing prices up a few more pounds in after-hours trading.

The decision to halt shipments was made after the 8,200 striking mineworkers voted to reject a new company offer of $500 a man compensation and wage rises equivalent to 1 per cent in real terms next year. The men, who have been on strike for a month, want a 10 per cent rise.

Earlier 2,000 workers at the state-owned Andina copper mine accepted an offer of 4.5 per cent in real terms over two years and a $166 bonus. Talks are continuing at Codelico's Chuquicamata mine, where strikes are banned and at the El Salvador mine.

On the LME 2 cents a lb price cuts by most leading producers tended to hold back prices during the day. A decision by Phelps Dodge Corporation, of the U.S. to cut copper production by extending the annual shut-down at its Morence, Ariz and Tyrone operations from two weeks to three had no market impact, traders said.

The company said similar action may be taken at other units if prices remain low. "Current prices provide no incentive to maximise production," it said.

More EEC sugar for export

By Richard Mooney

THE EEC Commission yesterday granted export licences covering 104,700 tonnes of white sugar and 7,500 tonnes of raws at its weekly export tender in Brussels. This was the highest total so far this season and probably represented a catching-up operation by exporters following a slump to 28,750 tonnes of whites last week.

Exporters had been disappointed then that the maximum export subsidy was cut to 18.53 from 19.589 European currency units, per 100 kilos, which they thought more than compensated for the rise in the market. With prices rising still further the subsidy was cut to 16.741 ECUs yesterday.

Yesterday the October position on the London futures market ended the day £9.25 higher at £200.40 a tonne, more than £20 up from the same day last week. The high EEC export allotment had trimmed back an earlier rise but this was reinstated near the close.

Dealers attributed the rise to follow-on from a technical rally in New York overnight.

Cut in palladium producer price

JOHANNESBURG — Impala Platinum Holdings yesterday cut its palladium and rhodium producer prices because of slack demand for the metals on world markets. Mr. Robert Bovell, the company's managing director, said current palladium demand was being easily supplied by producers and this is holding down the free market price to around its present $100 a troy ounce level. Impala has cut its price by $30 to $110 a troy ounce, effective immediately.

It last cut its palladium price on February 20 when it came down by $60 to $140.

Mr Bovell noted Impala was a relatively small producer of palladium and rhodium and could not ignore the price levels which applied for the bulk of the world's consumption.

The rhodium market was affected by smaller than anticipated demand from the international automobile industry, he said, and was currently trading at around $575/$580 on world markets. The Impala price has been cut by $100 to $600 a troy ounce.

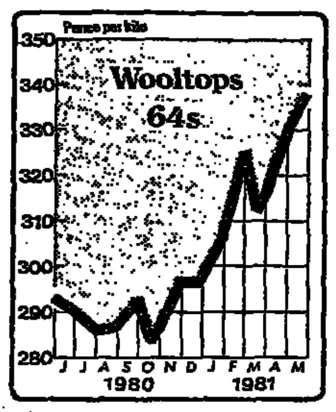
Reuter

MARKET PROFILE

Wool carries on, regardless

BY A CORRESPONDENT

WOOL'S BEHAVIOUR as a commodity in recent years has been a mixture of buoyancy and restraint. On the one hand, prices for the fibre have remained moderate when those of other raw materials have soared seemingly out of control. Over the past nine years, values for wool in Australia, the world's largest producer and exporter, rose less than 80 per cent compared with more than twice that increase for consumer prices in general.



On the other hand, wool has weathered the recession as though it hardly existed. Two years ago, with the world economy in a trough, prices at Australian auctions were the highest since the freakish Korean War boom of 1950-51. A catalogue of 3.25m bales brought in A$1,054m, 11.5 per cent more than in the previous season, at an average price of A$323.99 a bale.

In the other main producing countries wool's performance was equally robust, though New Zealand's predominantly strong wools — of which to the end of April 1.463m bales had been auctioned compared with 1,344,000 for the same period a year earlier — the average price for 10 months' sales was 8 per cent down on that for the previous such period.

Last season the trend continued, Australian proceeds breaking even the 1950's record to establish the highest return, of A$1,232m, since auctions began more than a century ago.

Australian prices so far this season, now approaching its end, have averaged 3.7 per cent more than those of the previous one, but the quantity has been about 4 per cent lower, so the country's total income from wool this year should remain about the same.

The Australian Government's Bureau of Agricultural Economics attributes last season's success to growth in demand from world textile industries, especially in Japan, Italy and the Soviet Union. It also cites "speculative forces related to stock levels and the generally buoyant commodity market seen up to January, 1980," but expects the speculative effects to end.

Japan has for years dominated wool auctions, particularly in Australia, home of the fine-wools that go into clothing. It was on such wools that last year's record prices—up 25 per cent for those qualities—were largely based. The success of wool as a whole, however, has gained balance from the emergence of Russia as New Zealand's main customer for the strong-wools used chiefly for carpet-making — a position occupied until last season by Britain.

After having long suffered the effect of synthetic fibres, wool has lately begun to surpass man-mades in terms of usage at the carding stage in 11 of the main manufacturing countries.

According to last month's annual conference of international textile manufacturers at Christchurch, New Zealand, wool accounted for 31 per cent of fibre used in the main consuming countries during 1979 compared with 30 per cent a year earlier.

The recession to which wool's fortunes have proved so resistant is actually credited with helping the natural fibre to the extent that consumers tend to prefer it to artificial alternatives at a time when customers see the pursuit of quality as one way to stretch their money and when the threat of energy shortages makes it logical to seek warmth in clothing.

The International Wool Secretariat, joint organisation of five big producing countries, together with sections of the trade, has not been slow to push wool's virtues with promotion and technical assistance.

With wool usage growing slowly but surely, adequate supply is the foremost problem for the market to tackle. World production this season, which officially ends on June 30, is likely to have risen only marginally to 2.76m tonnes greasy, compared with last season's 2.75m tonnes, though it will be some 3.5 per cent more than the average clip for the past four years. Expansion has been curbed chiefly by climatic upsets in Australia and Russia and in Australia's case by the growth of trade in live sheep for meat to the Middle East.

High interest rates and the sluggishness of trade led textile industries around the world to run down stocks of wool in raw and early processed forms. But with production faltering, stockpiles kept much smaller than in the early years of reserve price schemes, and economies showing signs of picking up, the process of de-stocking is felt in textile circles to be ending and about to go into reverse.

Australia currently holds a carryover of about 66m kg of shorn wool — or about a tenth of the expected forthcoming clip. This is slight compared with the Australian Wool Commission's stockpile of 1975, which amounted to about two-thirds of a year's output.

During the season, New Zealand's stocks have almost trebled to about 320,000 bales and now exceed Australia's, though the NZ Wool Board maintains that but for its buying on the auction floor under the reserve price provisions, the drop this season would have been much sharper. This would not have been to the long-term benefit of buyers, to whom stability is of more value than momentary advantage.

Tea export curbs discussed

BY BRIJ KHINDARIA IN GENEVA

THE WORLD's main tea exporters are meeting in Geneva to discuss ways of boosting world tea prices, including the possible use of export controls to match supplies more closely to demand.

India and Sri Lanka, the largest exporters with 409,000 tonnes out of total world exports of 727,000 tonnes last year, support the use of export controls. Opponents are smaller exporters including Kenya, which with 82,000 tonnes is growing quickly as an important influence on the world tea trade.

The one-week meeting called by the United Nations Conference on Trade and Development (Unctad) is aimed at helping exporters to reach a common position to be taken at subsequent talks with consumer countries to create a new international agreement to stabilise world tea markets.

No dates for negotiations with consumers have yet been fixed and differences among exporters remain serious in spite of several previous sessions of talks. Britain is the biggest importer of tea, taking almost one-third of world exports, mainly from India, Sri Lanka and Kenya.

The exporters agreed yesterday to ask Unctad as well as the Food and Agricultural Organisation (FAO) to prepare a new report aimed at substantially increasing the quality of tea traded world-wide. Another United Nations agency, the International Standards Organisation (ISO), has already darwn up suggestions for minimum quality standards for tea exports which producers would like to enforce through the planned international agreement.

The aim would be to prevent countries such as Turkey from exporting very low quality teas which are blended with as little as 10 per cent of finer tea by buyers,

Welsh farm incomes down

By Our Commodities Staff

SOARING COSTS and bad weather cut Welsh farm incomes by more than a third last season.

A report* by the department of agricultural economics at the University College of Wales, Aberystwyth, shows that average net income for the 366 farms surveyed was £6,184 in 1979-80, down 37.5 per cent from 1978-1979. Income cuts ranged from 14.1 per cent for dairy farms on better quality land to 74.1 per cent for milk-selling farms on poor land.

* *Farm Management Survey: Farm Incomes in Wales, 1979-1980; price £2.*

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES moved ahead on the London Metal Exchange led by COPPER which closed the late kerb at 858.5 following the force majeure declaration by Codelco. Trade buying and the late rise in copper encouraged good gains in LEAD, finally £340, and ZINC, quoted at £408.5 on the afternoon kerb. TIN rose to £6,225 as U.S. physical demand followed the adjustment in American prime rates. ALUMINIUM and NICKEL were active in initial trading but interest faded in the afternoon with closing prices of £637.5 and £3,042.5 respectively.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	827.5-8	—1	850.5-1.5	+3.5
3 months	851-2	—1.75	855-.5	+3
Settlem't	828	—1	—	......
Cathodes				
Cash	821.5-2	—.5	824.5-5.5	+3.5
3 months	840.5-1	—1.5	844.5-5	+3.25
Settlem't	822	—.5	—	......
U.S. Prod			*80.5-8	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £854, 53, 52.5, 52. Cathodes, three months £840, 41. Kerb: Wirebars, three months £851.5, 51, 51.5. Afternoon: Wirebars, three months £854.5, 55.5, 56, 55.5. Cathodes, three months £844.5. Kerb: Wirebars, three months £856.5, 56, 55.5, 56, 56.5, 57, 57.5, 58. Turnover: 17,600 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6085-95	+12.5	6090-100	+20
3 months	6215-20	......	6225-30	+14
Settlem't	6095	+15	—	......
Standard				
Cash	6085-95	+12.5	6090-100	+20
3 months	6215-20	......	6225-30	+14
Settlem't	6095	+15	—	......
Straits E.	‡629.18	—6.14		......
New York	—	......		

Morning: Standard, cash £6,080, three months £6,220, 15, 20. Kerb: Standard, three months £6,215. Afternoon: Standard, three months £6,220, 30, 40, 35, 25. Kerb: Standard, three months £6,225. Turnover: 1,355 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	327.5-8	......	328.5-9.5	+2.75
3 months	336-7	—1.75	338.5-.75	+2.37
S'ment	328	......		......
U.S. Spot	—	......	*38	......

Morning: Cash £327, 27.5, 28, three months £336, 36.5, 36, 35.5, 36, 37. Kerb: Three months £336.5. Afternoon: Three months £338, 39, 38.5. Kerb: Three months £339, 40. Turnover: 19,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	390.5-1.5	—4.5	396-.6	+5.25
3 months	400-1	—4	405.5-6	+3.5
S'ment	391.5	—4.5	—	......
Primw'ts	—	......	*46.12	......

Morning: Three months £401, 2, 1, 400.5, 01, 1.5. Kerb: Three months £401, 400.5, 400, 400.5. Afternoon: Three months £403, 4, 5.5, 5.75, 6, 5.5. Kerb: Three months £407, 8, 8.5, 8, 7, 8. Turnover: 11,600 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	617-8	—7	618.5-9.5	—3.5
3 months	637-.5	—6.25	638-.5	—3

Morning: Three months £640, 40.5, 40, 39.5, 39, 38, 37. Kerb: Three months £637, 36, 36.5. Afternoon: Three months £638, 37.5, 38, 39. Kerb: Three months £638, 39, 38.5, 38, 37.5, 37. Turnover: 6,100 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2985-90	—35	2985-95	—27.5
3 months	3045-50	—25	3040-5	—28

Morning: Cash £2,975, 85, three months £3,045, 40, 35, 45. Kerb: Three months £3,040, 35, 25, 30, 35. Afternoon: Three months £3,045, 48, 50, 51, 50, 45. Kerb: Three months £3,040, 45. Turnover: 6,100 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.9p an ounce lower for spot delivery in the London bullion market yesterday, at 496.6p. U.S. equivalents of the fixing levels were: Spot $10.24, down 9.5 cents; three-month $10.7150, down 11.7 cents; six-month $11.1590, down 12 cents; and 12-month $12.0240, down 12.2 cents. The metal opened at 493-500p ($10.20-10.35) and closed at 495-502p ($10.20-10.35).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	496.50p	—2.90	500.0p	+1.5
3 months	511.80p	—2.75	514.75p	+2.0
6 months	528.40p	—3.15	—	......
12 months	562.40p	—3.10	—	......

LME—Turnover 55 (59) lots of 10,000 ozs. Morning: three months 511, 10.2, 11, 11.5, 11. Kerbs: three months 511. Afternoon: three months 514. Kerbs: three months 514, 15, 17.

COCOA

Futures opened weaker as due against the New York close and thereafter traded within a narrow range for prices to close with losses of £10 at new five-year lows. Producers proved reluctant to follow the lower levels while further offtake was found among manufacturers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	836-840	—10.5	841-840
July	857-858	—9.0	861-852
Sept.	879-880	—10.0	883-874
Dec.	912-915	—7.0	915-907
March	943-944	—4.0	946-936
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]

Sales: 3,331 (5,300) lots of 10 tonnes.

ICCO Futures—Daily price for May 26: 82.86 (85.26); five-day average 85.33 (86.17).

COFFEE

...After an easier New York close Robustas lost £2-4 during a quiet opening call, reports Drexel Burnham Lambert. Weaker sterling encouraged a steadier afternoon session. Late trade buying extended the day's trading range with closing call gains of £8-13.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 2,758 (2,072) lots of 5 tonnes.

ICO Indicator prices for May 26: (U.S. cents per pound): Comp. Daily ICA 1976 113.67 (113.92); 20-day average 118.26 (118.67).

GAS OIL FUTURES

The market opened about $1.00 lower on the lack of any real decision at OPEC and fell further on a weakening Deutschemark, sparked off by stop-loss selling. A short-covering rally before the close lifted prices off the lows, reports Premier Man.

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
June	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]

Turnover: 1036 (614) lots of 100 tonnes.

GRAINS

Old crop wheat opened 50p down and traded to 95p down before steadying to close 95p down on the day. New crop wheat opened 10p down and saw fairly thin trading closing 15-30p lower. New crop barley opened unchanged and saw scattered buying interest, closing 10-20p down on the day, reports Acli.

WHEAT	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
July	114.95	[illegible]	—	
Sep.	[illegible]	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Business done—Wheat: July 115.25-114.80, Sept [illegible]

[illegible]

RUBBER

The London physical market opened about unchanged, with reasonable interest throughout the day, closing quietly steady. Lewis and Peat reported a fob June price for No. 1 RSS in Kuala Lumpur of 276.0 (274.0) cents a kg and SMR 20 245.0 (241.0).

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—[illegible]

SYDNEY GREASY WOOL—[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £200.00 (£199.00) a tonne cif May-June-July shipments. White sugar daily price £214.00 (£205.00).

[illegible]

490.5, Dec 496.5, 497.0, 497.0-496.0; March 503.0, 504.5, 505.0-503.0; May 506.5, 510.0, 510.0-508.5; July 515.0, 518.0, 515.0-514.0; Oct 515.0, 518.0, 515.0-514.0. Sales: 252.

COTTON

[illegible]

POTATOES

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	May 27 1981	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN MARKETS

NEW YORK, May 27.

PRECIOUS METALS rallied on lower broker loan rates. Copper was strong on a force majeure declaration in Chile. Heating oil sold off sharply as OPEC meetings provided ceilings. Sugar was firm as the surprisingly heavy EEC tender was well absorbed. Grains and soyabeans rallied on reports of delayed plantings in the midwest, reported by Heinold.

Copper—June 79.15 (77.95), July 89.50-80.60 (79.35), Sept 83.00-83.25, Dec 87.00-87.05, Jan 88.15, March 90.45-90.50, May 92.60, July 94.85, Sept 97.10, Dec 100.45, Jan 101.55, March 103.85.

*Gold—June 469.0-470 5 (465.5), July 476.6 (472.1), Aug 483.0-484.5, Oct 496.5-597.0, Dec 510.0-511.0, Feb 523.7, April 537.1, June 550.5, Aug 563.9, Oct 577.3, Dec 590.7, Feb 604.3.

*Platinum—June 445.7 (438.9), July 453.0-455.0 (444.9), Oct 473.0-473.5, Jan 493.1, April 513.1.

Potatoes (round whites)—Nov 76.2-76.5 (75.1), Feb 82.0-83.0 (82.5), March 89.0, April 99.6-100.00. Sales: 601.

¶Silver—June 1045.3 (1028.0), July 1060.0-1064.0 (1044.0), Sept 1095.0-1097.0, Dec 1142.0, Jan 158.0, March 1189.0, May 1220.0, July 1251.0, Sept 1282.0, Dec 1328.5, Jan 1344.0, March 1375.0. Handy and Harman bullion spot 1034.00 (1031.00).

Sugar — No. 11: July 16.80-16.85 (16.47), Sept 16.95-17.00 (16.64), Oct 16.87, Jan 17.12, March 17.39, May 17.45-17.50, July 17.65-17.75, Sept 17.80-17.85, Oct 17.85-17.90. Sales: 13,890.

Tin—587.00-591.00 (588.00-593.00).

CHICAGO, May 27.

Lard—Chicago loose 18.75 (same).

Live Cattle—June 68.10-68.20 (68.25), Aug 66.70-66.55 (66.77), Oct 64.50-64.55, Dec 66.70-66.75, Feb 67.70, April 68.72, June 69.70.

Live Hogs—June 51.60-51.55 (51.17), July 55.35-55.45 (55.02), Aug 55.60-55.70, Oct 53.95-53.82, Dec 55.60-55.80, Feb 57.35, April 56.45, June 57.95, July 58.25.

‡‡Maize—July 347½-347¼ (346), Sept 355¼-355½ (354), Dec 361¼-361½, March 373¼-373, May 379¼, July 383.

Pork Bellies—July 53.70-54.00 (54.20), Aug 53.60-53.40 (53.82), Feb 68.65-68.80, March 69.00, May 70.30, July 71.30, Aug 71.20.

†Soyabeans—July 762-763 (755½), Aug 766½-767 (759½), Sept 766-766½, Nov. 774½-774, Jan. 794, March 814½, May 831, July 843½-843.

‖Soyabean Meal—July 217.8-217.7 (216.8), Aug 219.0-218.5 (218.1), Sept 219.7-219.6, Oct 221.0-221.5, Dec 225.5-226.0, Jan. 227.5, March 235.0-235.5, May 236.6-237.5.

Soyabean Oil — July 23.56 - 23.57 (23.42), Aug 23.96-23.95 (23.85), Sept 24.30-24.35, Oct 24.72, Dec 25.30-25.35, Jan. 25.55, March 26.10, May 26.45, July 26.75-26.80.

†Wheat—July 411¾-412½ (406), Sept 430½ (425), Dec 458¾-458, March 481, May 491½, July 494½.

WINNIPEG, May 27.

§Barley—May 147.00 (146.30), July 148.70 (147.30), Oct 146.80-146.90, Dec 147 10, March 149.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 258.94 (256.14).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1 000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

††Cocoa—July 1642 (1730), Sept 1722 (1810), Dec 1809, March 1896, May 1951, July 2001, Sept 2051. Sales: 2,510.

Coffee—"C" Contract: July 114.75-114.95 (114.92), Sept 115.25-115.45 (115.82), Dec 114.35-114.70, March 114.72-114.75, May 114.89-114.90, July 112.90-115.00, Sept 114.50-114.51. Sales: 1,011.

Cotton — No. 2: July 84.65-84.80 (83.85), Aug 84.20-84.21 (83.80), Oct 81.70, Dec 79.40-79.50, March 80.70-80.80, May 82.10-82.50, July 83.35-83.50, Oct 83.00-83.42. Sales: 5,100.

Heating oil (cents per U.S. gallon)—June 0.9273 (0.9250), July 0.9280 (0.9264), Aug 0.9345, Sept 0.9492, Oct 0.9700, Nov 0.9860, Dec 1.0078, Jan 1.0250, Feb. 1.0425, March 1.0600, April 1.0700, May 1.0725, June nil, July 1.0725, Aug 1.0825. Sales: 2,453.

Orange Juice — July 135.60-136.00 (137.85), Sept 140.00-140.15 (142.45), Nov 141.70, Jan 143 90, March 144.90-145.20, May 145.90-146.30, July 146.90-147.40, Sept 147.90-148.50. Sales: 1,200.

Chicago Imm Gold—June 465.7-466.0 (471.2), July 472.3 (477.7), Sept 485.8-485.0, Oct 491.7, Dec 504.5, Jan 511.4, March 524.0, April 531.2, June 544.5.

EUROPEAN MARKETS

ROTTERDAM, May 27.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: June/July 202, Aug 204, Sept 207. U.S. No. 2 Red Winter: June/July 157. U.S. No. 2 Northern Spring, 14 per cent: May 203, June 201, July/Aug 201.50, Sept 204, Oct 210, Nov 214.

[illegible]

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., Afl: 257, May 255, July 260 traded, Afl May 256, June 257, July 263, Aug 266, July/Sept 267, Nov/March 279 sellers. Brazil Pellets, Afl: 259, June 269.50, July 274, Aug 277, July/Sept 277, Nov/March 295 sellers.

PARIS, May 27.

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

REUTERS

[illegible]

LONDON STOCK EXCHANGE

Gilt-edged securities good but equity leaders falter after firm opening—Allied Irish £25m rights issue

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22
June 15	June 25	June 26	July 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Another extremely slow day's trading on London stock markets saw equities falter after an early improvement. Gilt-edged securities, in contrast, put on a distinctly firm performance in response to selective investment demand.

Yet another rights issue—Allied Irish announced a call for nearly £25m yesterday—had little impact on sentiment in equities, but tended to dampen the slight show of enthusiasm evident at the outset.

Following an opening mark-up in anticipation of a continuation of Tuesday's late advance, leading shares hardened further with the help of a firm lead from Gilts and a little professional buying. Lack of any genuine investment interest, however, soon saw prices drifting back from the enhanced levels and most ended the day a shade cheaper on balance. Up 4.1 at the best of the day at 10.00 am, the FT 30-share index drifted back to close at day's lowest with a net loss of 2.2 at 545.4.

The tone in the afternoon was not helped by the surprise decision for an unofficial 24-hour strike today at the Port of Liverpool.

Overall, interest was at a low ebb, but bid situations and the occasional bout of speculative buying enlivened the day's proceedings. Of the sectors, Electricals attracted investment support and Merchant Banks maintained a firm trend, but Oil shares encountered selling with sentiment unsettled by the OPEC oil price freeze.

Activity in the Gilt-edged sector was again at a fairly low level. With the help, however, of several large and uncompleted buying orders, medium and long-dated stocks made good progress. Final quotations were around ¼ below the day's best levels but gains still extended to ½. Treasury 12½ per cent 2003-05, at 89¼, and Treasury 11¾ per cent 2003-07, at 88¼, both improving that amount. Shorter maturities edged higher and finished with improvements extending to ⅛. The Government Securities index gained 0.26 more to 66.97.

The expiry of the May series boosted business in Traded options and total contracts amounted to 1,967, the highest so far this month. Imps were actively traded and recorded 439 deals, 222 of which were arranged in the May 70's. Dealings in put options begin today.

Allied Irish became a firm counter in the banking sector, rising 6 to 116p on the sharply higher annual profits which accompanied details of the proposed £25m rights issue. Bank of Ireland were marked up 5 to 290p in sympathy. Unsettled of late by the moves towards higher personal banking tariffs, the major clearers made progress on small demand. Midland closed 5 better at 310p and NatWest firmed 4 to 360p. Reflecting the recent crop of fund-raising calls, Hill Samuel added 10 to 144p in merchant banks. Comment on the company's U.S. gas interests induced renewed investment support for Hambros which touched a 1981 peak of 830p before closing unaltered at 810p.

First-quarter profits from Phoenix were deemed slightly disappointing and the shares eased to 244p before closing a couple of pence off on balance at 246p. Other Composite Insurances trended firmer with Eagle Star notable for a gain of 6 at 238p.

Initial support for leading Breweries fell away and most reverted to the overnight levels. In contrast, regional counters made useful headway. Belhaven firmed 2 to 42p on the news that Mr Eric Morley has exercised his option to purchase 2.2m shares in the company. Wolverhampton and Dudley, interim results tomorrow, added 4 more to 236p, while Youngs, annual results today, firmed a similar amount to 217p.

Tunnel "B" shed 8 to 440p following the further rejection of the bid from T. W. Ward, 4 off at 117p. Elsewhere in the Building sector, UBM added 1½ to 68p in front of today's results on hopes that the dividend will be maintained. Y. J. Lovell advanced 8 to 242p on speculative interest, while investment buying lifted Thomas Warrington 4 to 80p and Barratt Developments 3 to 215p. Wilson (Connolly) firmed 8 to 270p and Blockleys 5 to 108p in thin markets. In contrast, Montague L. Meyer, at 77p, gave up nearly all of the previous day's Press-inspired gain of 4.

ICI touched 296p in early dealings before closing 3 cheaper at 290p. Fisons shed 7 to 155p. Among other Chemicals, Novo "B," a strong market of late on American buying, gave up 3½ to £91½, but demand ahead of today's preliminary results left International Paint 2 dearer at 112p.

Plessey good

Leading Stores opened on a firm note, but lack of follow-through support saw most issues close at the day's lowest. Gussies "A," up to 470p in the early trade, ended 2 down on balance at 466p, while Marks and Spencer shed a like amount to 133p. Secondary issues remained subdued, although Currys, 433p, and Polly Peck, 245p, both rose around 8. Demand in a narrow market bolstered Evans and Owen, 15 dearer at 95p.

An early bout of investment buying of the leaders provided the main interest in Electricals yesterday. Plessey touched 300p before closing 7 higher at 297p, while GEC ended 12 to the good at 682p, after 685p. Thorn EMI added 3 to 393p as did Racal, to 366p, after 370p. Ahead of today's AGM, BICC hardened 2 to 236p.

Features were very few and far between in a quiet Engineering sector. Mining Supplies rose 6 to 166p on an investment recommendation and Henry Sykes were marked up 2 to 30p following the sale of its loss-making Lacy-Hulbert subsidiary to Adwest, also 2 firmer, at 197p. Porter Chadburn, 62p, retrieved the previous day's fall of 4 which followed the poor results.

Tate and Lyle closed 4 cheaper at 182p, the chairman's cautious statement outweighing the satisfactory half-yearly results. British Sugar shed 5 to 333p following the low level of acceptances to the S. and W. Berisford bid and the latter's decision to extend the offer until June 9. Berisford hardened a couple of pence to 132p. Among other Foods, demand in a thin market lifted William Morrison 10 to 280p.

Cawoods jump

Secondary issues provided the focal points in miscellaneous industrials. Cawoods featured with a jump of 16 to 210p on speculative buying fuelled by takeover suggestions and De La Rue advanced 23 to 723p in response to investment support. BTR added 8 to 318p and Renwick, annual results due next month, rose 6 to 90p. Reflecting the chairman's profits forecast in the annual report, British Aerospace touched 230p before reacting on profit-taking to close only 2 better on balance at 224p. J. Bibby put on 6 to 296p and E. J. Riley gained 4½ to 71½p but Spring Grove contrasted with a fall of 4½ to 108p on the disappointing results. Caravans International lost the turn to 27p on the £0.3m interim deficit, while Ricardo gave up 8 to 470p. Dealings in Hirst and Mallinson were resumed following publication of the bid terms from Associated British Engineering and the close was a penny lower at 34p; ABE also returned to dealings and closed at the suspended level of 30p. Of the leaders, BOC International gave up 3 to 124p on further consideration of the proposed £81m convertible preference rights issue, while Boots remained friendless at 225p, down 6.

Samuelson Film Service, a thin market, touched 310p before closing 20 up at 300p.

Oils dull

Movements in Motors were usually confined to a couple of pence either way. Dunlop, firm of late on revived hopes of a bid from Far-Eastern sources, met profit-taking and eased 4 to 83p. Flight Refuelling shed 6 at 313p. Distributors trended higher, although a more detailed appraisal of the acquisition of Schweber Electronics of the U.S. clipped a couple of pence from Lex Service at 102p.

The OPEC price freeze decision prompted selling in Oils and prices closed at the day's lowest. British Petroleum and Shell shed 14 and 12 respectively to the common price of 380p. Lasmo dropped 27 to 568p and Ultramar 18 to 440p, while Tricentrol, 238p, and Burmah, 154p, both lost 4. Canadian exploration concern Bearcat, at 405p, gave up 70 of the previous day's speculative jump of 155.

Le Vallonet stood out in quietly firm Investment Trusts rising to a new peak of 76p before closing 5½ up at 72½p. Witan Investment hardened 1½ to 145½p following the 50 per cent scrip issue accompanying the full-year results. Dealings in Aberdeen Investments were suspended at 240p pending re-organisation details. Among Financials, M and G added 5 to 360p on the annual results.

In Tobaccos, Bats came in for renewed investment support and spurted 13 to 343p, after 345p.

Rundle twins advance

Signs of the Australian oil, gas and mining market running out of steam were confirmed in initial trading as profit-taking left many of the recent high-flyers showing substantial losses.

The market was given a boost, however, by the revised agreement with Exxon and the Rundle twins regarding the development of the Rundle deposit in Queensland. Central Pacific Minerals advanced strongly to touch 165p before closing a net 20 up at 150p while Southern Pacific Petroleum closed 9 better on balance at 62p, after 65p.

Companies with extensive exploration interests in the Canning Basin, the location of the recent Blina 1 oil find, sustained heavy losses with Swan Resources 9 off at 76p and Eagle Corporation 7 down at 56p.

Strata Oil met persistent selling and dropped 14 to 92p despite the increased gas flow at the Woodada 4 well. Western Mining remained a good market and moved up 7 to a 1981 high of 309p.

South African Golds fell to their lowest levels for almost a month as the bullion price remained around the $467 an ounce level.

The market held steady during the morning but fell away in after-hours' trading on American selling. The Gold Mines index dropped 7.4 more to 348.1—a decline of 22.0 over the last three trading days.

Financials eased with De Beers a further 5 down at 395p following the cutback in diamond production. Anglo American Corporation fell 10 to 700p; the annual results are due next week. London Financials drifted in quiet trading, Rio Tinto-Zinc dipping 4 to 526p following the annual meeting.

FINANCIAL TIMES STOCK INDICES

	May 27	May 26	May 22	May 21	May 20	May 19	A year ago
Government Secs	66.97	66.71	66.50	66.82	66.79	67.52	68.04
Fixed Interest	68.45	68.32	68.25	68.46	68.57	68.78	68.58
Industrial Ord	545.4	547.6	543.4	544.6	544.8	553.9	418.6
Gold Mines	348.1	355.5	361.6	370.1	366.0	370.1	332.8
Ord. Div. Yield	6.04	6.03	6.07	6.06	6.05	5.93	8.59
Earnings, Yld. %(full)	11.79	11.76	11.86	11.84	11.83	11.60	20.98
P/E Ratio (net) (*)	10.66	10.68	10.59	10.60	10.61	10.82	5.60
Total bargains	18,429	18,763	17,858	18,883	22,222	20,256	20,086
Equity turnover £m.	—	93.84	108.94	118.79	140.06	128.34	98.27
Equity bargains	—	12,349	12,050	15,564	16,256	15,401	15,781

10 am 551.7. 11 am 549.9. Noon 548.4. 1 pm 546.8.
2 pm 546.4. 3 pm 546.2.
Latest Index 01-246 8026
* Nil = 9.79

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	66.39 (12/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	72.01 (20/5)	68.23 (22/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 26	May 22
—Daily		
Gilt Edged Bargains	155.2	161.8
Equities Bargains	80.0	78.1
Value	189.7	280.2
5-day Avrge.		
Gilt Edged Bargains	156.5	157.8
Equities Bargains	88.9	94.8
Value	242.1	256.5

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (67)

BRITISH FUNDS (1)
AMERICANS (11)
CANADIANS (1)
BANKS (1)
BEERS (5)
BUILDINGS (2)
CHEMICALS (2)
DRAPERY & STORES (4)
ELECTRICALS (4)
ENGINEERING (3)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (2)
LEISURE (3)
MOTORS (1)
PAPER (2)
PROPERTY (1)
SHIPPING (1)
TRUSTS (6)
TEAS (1)
MINES (3)

NEW LOWS (12)

LOANS (1)
FFI 7¼pc A Deb. 1991-94
BANKS (1)
Sturla
ELECTRICALS (1)
Dubilier
INDUSTRIALS (1)
Cowan de Groot
SHIPPING (1)
Gotaas-Larsen
TRUSTS (1)
Corinthian
OIL & GAS (3)
Collins (K.) Pet. Imp. Cont. Gas 8pc Conv.
Royal Dutch
MINES (3)
Elandsrand Coronation
Wankie Colliery

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	85	1	10
Corpns. Dom. and Foreign Bonds	10	2	56
Industrials	264	181	924
Financial & Props.	149	39	309
Oils	20	29	37
Plantations	1	8	14
Mines	21	80	65
Others	77	30	74
Totals	627	370	1,486

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, May 26, 1981

Contracting, Construction	+39.22	Mining Finance	+14.25
Hire Purchase	+35.58	Office Equipment	+13.60
Packaging and Paper	+29.17	Stores	+12.09
Other Consumer	+28.10	Food Retailing	+11.00
Other Industrial Material	+25.46	Overseas Traders	+10.82
Building Materials	+23.62	Electricals	+ 9.84
Textiles	+23.57	500-Share Index	+ 9.34
Mechanical Engineering	+23.14	All-Share Index	+ 8.62
Tobaccos	+22.88	Insurance (Life)	+ 8.37
Engineering Contractors	+22.39	Property	+ 7.55
Leisure	+21.73	Merchant Banks	+ 7.22
Newspapers, Publishing	+20.84	Investment Trusts	+ 7.16
Food Manufacturing	+20.36	Financial Group	+ 5.18
Metals and Metal Forming	+19.75	Other Groups	+ 4.46
Capital Goods	+18.59	Insurance (Composite)	+ 4.32
Consumer Group	+16.77	Shipping and Transport	+ 4.19
Brewers and Distillers	+15.65	Banks	− 1.00
Industrial Group	+15.65	Discount Houses	− 2.29
Insurance Brokers	+15.38	Chemicals	− 2.73
Motors	+15.28	Oils	−11.20
Health and Household Prods.	+15.22	Gold Mines Index	−12.76

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allied Irish	116	+ 6	Imperial Group	72	+ ½
BAT Inds.	343	+13	Plessey	297	+ 7
British Sugar	333	− 5	Racal Electronic	366	+ 3
Cawoods	210	+16	Southern Pacific	62	+ 9
Central Pacific	150	+20	Tunnel B	440	− 8
De La Rue	723	+23	Unilever	548	− 4

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tue.'s closing price pence	Day's change	Stock	No. of price changes	Tue.'s closing price pence	Day's change
BAT Inds.	12	330	+ 3	Ultramar	10	458	+ 8
GEC	12	670	+ 7	Bowater	9	256	+ 7
Unilever	12	552	+12	Dalgety	9	300	+ 7
De Beers Dfd.	11	400	− 9	Eagle Star	9	232	+ 7
ICI	11	292	+ 6	Euro. Ferries	9	132	+ 1
Dunlop	10	87	—	Marks & Spen.	9	135	+ 1
RTZ	10	530	− 2	Royal Ins.	9	365	+ 4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 26	June 5	Aug. 26	Sept. 7
June 8	June 19	Sept. 10	Sept. 21
June 22	July 3	Sept. 24	Oct. 5

For rate indications see end of Share Information Service

Stocks favoured for the call included Tozer Kemsley and Millbourn, GKN, Ofrex, Premier Oil, British Aerospace, Southern Pacific Petroleum, F. H. Lloyd, Fairdale Textiles, Metal Box, Burmah, Candecca, Lonrho, Polymark, Tricentrol and Anvil Petroleum. A put was arranged in British Sugar and a double in BP.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Wed., May 27, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. May 26 Index No.	Fri. May 22 Index No.	Thur. May 21 Index No.	Wed. May 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	343.07	+0.7	11.14	4.57	11.08	340.85	340.28	339.88	339.74	224.44
2	Building Materials (25)	303.53	−0.3	14.76	5.84	8.11	304.31	305.50	306.42	305.70	223.12
3	Contracting, Construction (28)	564.17	+0.2	16.60	5.00	7.13	563.03	564.16	566.27	563.96	341.72
4	Electricals (28)	1066.22	+1.4	8.13	2.47	15.31	1051.54	1043.82	1031.45	1027.78	587.43
5	Engineering Contractors (11)	485.33	−0.2	12.66	5.45	9.77	486.48	487.72	489.82	491.94	266.96
6	Mechanical Engineering (70)	212.13	+0.4	13.25	5.74	9.45	211.24	210.70	212.41	212.62	150.22
8	Metals and Metal Forming (13)	164.05	−0.2	9.61	7.27	13.56	164.46	165.96	166.86	167.48	148.90
9	Motors (21)	105.89	−0.4	7.47	6.93	22.68	106.28	106.04	105.53	105.35	96.67
10	Other Industrial Materials (18)	364.26	+1.0	11.02	5.48	10.88	360.59	361.59	363.82	367.22	0.00
21	CONSUMER GROUP (195)	278.78	+0.3	13.18	5.77	9.28	278.08	276.27	278.62	279.50	202.12
22	Brewers and Distillers (20)	306.32	+0.6	15.15	6.08	7.84	304.39	299.93	304.68	304.51	267.44
25	Food Manufacturing (21)	253.06	−0.4	15.21	6.40	7.93	254.06	252.21	253.05	253.22	186.02
26	Food Retailing (14)	521.21	+0.9	9.57	3.38	12.41	516.50	518.25	519.81	521.97	293.15
27	Health and Household Products (7)	303.20	−0.3	8.91	4.73	13.35	304.26	300.47	300.15	303.01	175.38
29	Leisure (22)	427.36	+0.6	11.88	5.24	10.21	424.87	421.13	422.86	423.68	294.20
32	Newspapers, Publishing (12)	514.95	+0.3	12.30	5.47	11.60	513.49	512.51	511.47	507.90	410.88
33	Packaging and Paper (13)	149.11	+0.8	17.99	7.71	6.52	147.98	146.48	147.09	144.72	122.88
34	Stores (44)	275.33	−0.5	10.53	4.80	12.65	276.84	276.53	280.51	281.98	206.21
35	Textiles (23)	155.62	+1.0	13.16	7.87	10.28	154.07	154.03	155.41	155.96	122.85
36	Tobaccos (3)	252.43	+2.9	22.91	9.83	5.01	245.29	243.31	245.32	248.78	196.01
39	Other Consumer (16)	304.96	—	10.34	6.23	13.16	305.05	303.31	303.72	303.90	0.00
41	OTHER GROUPS (79)	230.49	—	13.26	6.54	9.24	230.43	229.05	229.67	229.56	194.64
42	Chemicals (15)	286.35	−0.9	11.26	7.24	11.20	289.00	286.04	287.43	287.02	288.27
44	Office Equipment (6)	114.90	−0.4	16.06	7.28	7.35	115.38	114.02	113.67	113.32	100.47
45	Shipping and Transport (13)	561.86	+0.3	15.90	6.44	7.53	560.02	559.90	561.64	562.80	495.62
46	Miscellaneous (45)	300.27	+1.1	13.85	5.60	8.79	297.01	296.47	296.94	297.04	240.02
49	INDUSTRIAL GROUP (488)	294.19	+0.4	12.43	5.42	9.87	293.10	291.74	292.95	293.35	216.15
51	Oils (12)	798.25	−3.2	22.33	7.05	4.96	824.58	814.80	811.38	831.43	750.13
59	500 SHARE INDEX	334.49	−0.3	14.21	5.71	8.38	335.46	333.46	334.33	336.21	258.25
61	FINANCIAL GROUP (118)	248.05	+0.5	—	5.77	—	246.91	245.89	247.36	248.29	198.12
62	Banks (6)	246.54	+0.9	37.33	7.36	3.12	244.38	243.98	245.01	247.80	205.55
63	Discount Houses (10)	283.58	—	—	7.95	—	283.58	283.31	283.31	283.21	260.35
64	Hire Purchase (4)	267.61	—	8.41	4.64	16.45	267.49	266.11	267.19	267.95	198.60
65	Insurance (Life) (10)	251.71	+0.7	—	5.94	—	250.08	249.52	249.54	250.81	186.76
66	Insurance (Composite) (9)	154.06	+0.3	—	7.97	—	153.61	151.32	153.42	154.81	125.58
67	Insurance Brokers (8)	372.01	+0.9	11.82	6.24	11.63	368.70	369.16	376.34	376.72	295.51
68	Merchant Banks (13)	160.56	+1.0	—	4.98	—	158.91	157.00	156.12	156.39	107.34
69	Property (48)	479.01	+0.1	3.66	2.86	37.64	478.61	478.56	480.89	478.51	392.12
70	Miscellaneous (10)	169.45	+0.2	18.66	6.11	6.51	169.17	169.50	170.40	170.60	128.74
71	Investment Trusts (109)	304.12	+0.7	—	5.15	—	302.07	302.16	303.33	303.45	217.06
81	Mining Finance (3)	257.72	−1.0	13.30	5.21	8.81	260.44	261.23	264.98	267.82	186.44
91	Overseas Traders (20)	475.80	+0.2	10.93	6.14	11.28	474.74	476.63	477.62	481.99	366.74
99	ALL-SHARE INDEX (750)	316.81	−0.1	—	5.69	—	317.16	315.64	316.77	318.42	244.35

FIXED INTEREST

	PRICE INDICES	Wed. May 27	Day's change %	Tues. May 26	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.88	+0.11	107.76	—	4.24
2	5-15 years	108.52	+0.48	108.00	—	4.18
3	Over 15 years	111.05	+0.51	110.48	—	4.93
4	Irredeemables	120.53	+0.55	119.87	—	6.23
5	All stocks	108.82	+0.38	108.41	—	4.43
6	Debentures & Loans	84.84	+0.20	84.67	—	4.59
7	Preference	65.35	−0.58	65.74	—	3.15

	AVERAGE GROSS REDEMPTION YIELDS		Wed. May 27	Tues. May 26	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.04	12.08	12.22
2		15 years	12.64	12.71	12.12
3		25 years	12.77	12.85	12.12
4	Medium Coupons	5 years	13.90	13.97	13.98
5		15 years	14.38	14.46	13.75
6		25 years	14.03	14.10	13.62
7	High Coupons	5 years	13.89	13.97	14.12
8		15 years	14.58	14.66	14.10
9		25 years	14.21	14.29	14.00
10	Irredeemables†		12.19	12.26	11.25
11	Debs & Loans	5 years	14.99	15.02	14.57
12		15 years	15.03	15.07	14.52
13		25 years	15.03	15.07	14.46
14	Preference†		15.15	15.05	15.77

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£24½	£21½	Allegheny Int. Inc.	£21¾	−2¾	Q$1.40	—	3.1	—
‖	F.P.	—	£20¾	£16¼	Amdahl	£20¾	......	Q40c	—	0.9	—
‖	F.P.	—	300	200	✠Atlantic Res.	205	−6	—	—	—	—
85	F.P.	24/6	140	105	✠Business Comp Syst	132	+2	u1.0	6.7	1.1	19.4
§90	F.P.	15/5	135	89	✠Consultants 10p	132	−3	—	—	—	—
475	F.P.	10/7	500	475	Energy Res. & Services	488	......	—	—	—	—
10	F.P.	27/5	14	13	F'st Charlotte Ast Tst	13	......	—	—	—	—
100	F.P.	22/5	111	102	G.T.GlobalRec.Inv Tst	104	......	—	—	—	—
‖	F.P.	—	62	53	✠Harvey & Thompson	55	+2	g2.24	1.1	5.8	21.6
¶91	F.P.	5/6	96	88	✠Intasun	85	+1	g2.8	4.3	4.7	6.2
§84	F.P.	13/5	114	93	✠Metal Bulletin	111	......	5.0	1.7	6.4	13.0
‖	F.P.	—	6½	5½	✠Reliant Motors	6½	+1½	—	—	—	—
‡44	F.P.	30/6	58	51	✠Selec TV	51	−1	—	—	—	—
25	F.P.	29/5	25	20	Stone Platt Cnv Cm Pf	24½	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	26/6	23p	15p	BPC 7.75% Non. Cum. Prf.	21½p	−½
	F.P.	18/6	101½	100	Cambridge Water 8% Prf. 1986	101	......
100‖	Nil	8/6	1½pm	¼pm	Crouch Gp. 9% Con. Uns. Ln. '95-96	¼pm	−¼
99.87	£30	16/7	29¾	27⅜	Finland 14½% Ln. 1986	27¾	......
99.486	£30	25/6	29⅛	28	International Bk. 13½% Ln. 1986	28¼	......
100‖	Nil	3/6	10½pm	6½pm	Laing Props 8¾% Cnv. Uns. Ln. 2000-05	6½pm	......
97¾	£50	10/7	61	44	Leeds (City of) 13½% Red. 2006	44⅛	+⅛
99	F.P.	27/8	99	97½	Newcastle Water 7¾% Red. Pref. 1986	97½	......
£1‖	F.P.	12/6	107p	101p	Norton (WE) 11% Cnv. Cum. Rd. Prf.	101p	......
**	F.P.	—	91p	90p	Paterson Zochonis 10% Cum. Pref.	90p	......
96¾	£20	7/78	20	15½	Petroleos Mex. 14½% Ln. Due. 2008	15½	......
£1‖	Nil	8/6	19½ppm	4½ppm	Phicom 8% Cum. Con. Red. Pref.	19ppm	......
£1‖	Nil	—	5ppm	3ppm	Rexmore 15% Cnv. Cum. Red. Prf. 1991-92	5ppm	......
96¾	F.P.	—	98½	93	Swansea (City of) 13½% Red. 2006	93	......
25p‖	F.P.	17/6	30p	25p	Weir Group 10% Red Cum Part. Conv. Prf.	29½p	......
¶	F.P.	4/6	103	101½	West Hampshire Water 8% Red. Prf. '86	101½	......

"RIGHTS" OFFERS

Issue Price p	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing Price p	+ or −
64	Nil	—	—	22pm	17pm	Amal. Power Eng.	20pm	......
2	F.P.	8/4	29/5	6½	2	Barker & Dobson A	6	......
190	Nil	—	—	32pm	19pm	Barratt Devs.	26pm	+3
380	Nil	—	—	77pm	58pm	Bestobell	66pm	+5
65	F.P.	—	—	86	79	Brit. Car Auction	82	+½
25	F.P.	22/5	3/7	34	31	Brit. Dredging	33pm	......
$A9	P.P.	—	—	560	405	Broken Hill Prop.	560	......
77	Nil	—	—	7pm	3pm	Cadbury Schweppes	4½pm	......
500	Nil	—	—	450pm	350pm	Comm. Bk. of Near East	400pm	......
53	F.P.	1/5	29/5	64	56	Country & New Town Props	57	......
92	F.P.	15/5	5/6	127	110	Electrical & Industrial	127	+1
55	Nil	—	—	9pm	8½pm	Fine Art	9pm	+½
98	F.P.	22/5	26/6	102	98	Floyd Oil	98	......
95	F.P.	18/5	12/6	148	132	Fothergill & Harvey	146	......
105	P.P.	—	—	89	66	Hong Kong & Shanghai Bank	89	+1
205	Nil	—	—	52pm	42pm	Horizon Travel	52pm	+4
48	F.P.	10/4	29/5	75½	54	I.M.I.	65½	−½
‖	F.P.	—	—	102	95½	Lond'n Shop Pr'p 8% Cnv84-88	95½	−6½
138	F.P.	—	—	176	158	Mowlem (J.)	176	+1
Ir165	F.P.	7/5	11/6	170	157	Rohan Group	170	......
160	F.P.	15/5	12/6	176	162	Rowntree Mackintosh	162	......
131	Nil	—	—	21½pm	10pm	Smurfit (Jefferson)	18pm	+1
6	P.P.	6/5	21/8	11½	6½	Sterling Credit	10½	......
40	F.P.	24/4	29/5	74	53	Suter Electrical	73	+2
30	Nil	—	—	9pm	6pm	Western Selection	6pm	......
$A1¼	75c.	—	—	95	64	Woodside	81	−5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or party-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey.
Gilt Fund (Jsy.) [illegible]

DWS Deutsche Ges. F. Wertpapiersp
Grunebergweg 113, 6000 Frankfurt
Investa [illegible]

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. May 19 [illegible]
London Agents: Kleinwort Benson [illegible]

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra [illegible]
Int. Rentenfonds [illegible]

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV May 19 [illegible]

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey
DL Sterling [illegible]
DL International [illegible]

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey.
E.D.I.C.T. [illegible]

The English Association
4 Fore Street, EC2
E. A. Income Fund* [illegible]
E. A. Sterling* [illegible]
E. A. Equity* [illegible]
Wardgate Cm. Fd.* [illegible]
*Next dealing June [illegible]

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel [illegible]
Tel: 01-247 7243 [illegible]
Euro Hldgs. [illegible]

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFI [illegible]
EC2M 5TA. Tel. [illegible]
Europe-Obligations [illegible]

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4
F&C Atlantic Fd. SA [illegible]
F. & C. Oriental Fd. [illegible]
Prices May [illegible]

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., [illegible]
Jersey, C.I. 0534 [illegible]
American Assets [illegible]
Am. Vals. Com.Pf. [illegible]
American Vals. Com. [illegible]
Dollar Savings Trust [illegible]
Far East [illegible]
International [illegible]
Pacific [illegible]
World [illegible]
Gilt Fund [illegible]

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM.
Fst. Vik. Cm. Tst. [illegible]

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming May 26 [illegible]

Frankfurt Trust Investment-GmbH
Neue Mainzer [illegible]
FT-Interzins [illegible]
Frankft. Effekt. Fd. [illegible]

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV April 30 [illegible]

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. [illegible]
London Agents [illegible]
Anchor 'B' Units [illegible]
Anchor Gilt Edge [illegible]
Anchor Int. Fd. [illegible]
Anchor In. Jsy. Tst. [illegible]
Berry Pac Fd. [illegible]
Berry Pac Strlg. [illegible]
G.T. Asia Fd. [illegible]
G.T. Asia Sterling [illegible]
G.T. Australia Fd. [illegible]
G.T. Bond Fund [illegible]
G.T. Dollar Fd. [illegible]
G.T. Dir. (Strlg) [illegible]
G.T. Invest. Fd. [illegible]
G.T. Japan Small [illegible]
Marianne (STG) [illegible]
G.T. Technology [illegible]
G.T. Pacific Fd. [illegible]
G.T. Asean Growth [illegible]

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, [illegible]
Gartmore Fund Managers (C.I.) Ltd.
41, Broad St., St. Helier [illegible]
Gilt Fund (Jersey) [illegible]
Gartmore Fund Managers (Far East) Ltd.
1503 Hutchison House [illegible]
Australian Tst. [illegible]
HK & Pac. U. Tst. [illegible]
Japan Fd. [illegible]
N. American Tst. [illegible]
Intl. Bond Fund [illegible]
Gartmore Fund Managers (IoM) Ltd.
P.O. Box 32 Douglas, IoM [illegible]
Gartmore Intl. Inc. [illegible]
Gartmore Intl. Gr. [illegible]

Assicurazioni Generali S.p.A.
P.O. Box 132, [illegible]
Sterling Managed [illegible]

Granville Management Limited
P.O. Box 73, St. Peter Port, Guernsey.
Granville Inv. Tst. [illegible]

Guinness Mahon Fd. Mgrs. (Guernsey) Ltd.
PO Box 188, St. Peter Port, Guernsey
Intl. Fund [illegible]
Prices at [illegible]

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East May 27 [illegible]
Japan Fund May [illegible]

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey.
†Capital Reserve [illegible]
C.I. Fund [illegible]
Special Sits. Fund [illegible]
Trans. Nat. Trust [illegible]
Intnl. Bond [illegible]
Int. Equity [illegible]
Int. Svgs. 'A' $US [illegible]
Int. Svgs. 'B' [illegible]
Prices on May [illegible]
†Excludes [illegible]
*Initial [illegible]

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey.
Americas (US cents) [illegible]

Henderson Baring Group
801, Gloucester, Tower, Hong Kong
Japan Fund *May [illegible]
Japan Tech.* May [illegible]
Malay Sngp* May [illegible]
Pacific Fd. *May [illegible]
Bond Fd.* May 2 [illegible]
PO Box 71, 7 New St. [illegible]
Gilt Fd.† [illegible]
*Inclusive of Pre[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., [illegible]
Guernsey Tst. [illegible]

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. | 147.7 | 157.5 | 3.25
H.S. Fixed Int. Fd. | 91.0 | 96.0 | 12.70
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. | US$25.44 | 26.46 | +0.23
CSF Fd. (Acc.) | SF18.73 | 19.12 | +0.09

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† | US$2.71 | 2.87 | −0.01 | 0.59
O.C.Sm. Co. | [illegible]
O.C. Commodity* | [illegible]
O.C. Dir. Comdty.† | [illegible]
O.C. Hong Kg. Fd.† | [illegible]

[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	63.0	67.7	+1.4	2.14
Abbey Capital	51.1	55.2xd	+0.2	3.99
Abbey General	59.1	63.9	+0.3	4.80
Abbey Gilt & F.I. Tst.	104.3	109.8	+0.4	11.93
Abbey Income	39.0	42.2xd	+0.2	8.32
Abbey W'w. Bd. Tst.	94.4	99.9	+0.8	4.71
Abbey Inv. Tst. Fd.	52.9	57.2	+0.2	4.20
Equitas Prog. Tst.	84.6	91.5xd	+0.8	4.47

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.7	87.2xd	.....	13.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	94.5	101.1	+0.5	5.54
Brit. Inds. Fund	79.6	85.2xd	+0.8	5.99
Growth & Income	54.7	58.5	+0.5	4.62
Elect. & Ind. Dev.	47.4	50.7xd	+0.1	4.93
Allied Capital	100.7	107.7	+0.8	4.09
Hambro Fund	140.2	150.0	+0.8	5.54
Hambro Acc. Fund	192.2	205.6	+1.3	3.99
Income Funds				
High Yield Fd.	72.5	77.4	+0.5	7.75
High Income	85.4	91.4	+0.6	7.00
Equity Income Fd.	49.4	52.9	+0.3	6.92
Govt. Secs.	24.4	25.0xd	+0.1	12.40
International Funds				
International	37.8	40.4	+0.2	2.06
Japan Fund	27.2	29.1	−0.2	0.22
Pacific Fund	74.7	79.9	−0.3	0.78
Secs. Of America	83.6	89.4xd	+0.9	1.79
Specialist Funds				
Smaller Co.'s Fd.	60.8	65.1	+0.1	3.99
2nd Smlr. Co's Fd.	75.1	80.4	+0.3	3.73
Recovery	29.3	31.4xd	+0.1	4.49
Met. Min. & C'dty.	70.6	75.5xd	−0.1	4.86
Overseas Earnings	73.6	78.8	+0.4	4.68
Exempt Funds				
Income Exempt	56.3	59.1	+0.2	7.19
Far East Exempt	77.7	80.8xd	−0.4	0.93
Smaller Co. Exempt	97.2	102.1	+0.4	3.92
U.S.A. Exempt	137.2	142.7	+1.4	2.17

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	70.1	75.3	.....	3.30

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	165.0	175.0	.....	12.00
Leics. & Gen. Fd.	54.0	57.0	.....	6.82

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	42.46	44.71	.....	3.22
Do. Accum.	54.05	56.90	.....	3.22

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	36.6	39.4	.....	—
Commodity***	98.9	102.4xd	.....	2.13
(Accumulation)	150.1	162.1xd	.....	2.13
(10% Withdrawal)	68.8	74.3xd	.....	2.13
Eastern & Internat'l†	53.0	57.0	.....	1.00
(6% Withdrawal)	36.3	39.1	.....	1.00
Extra Income	91.0	97.9xd	+0.3	9.97
(Accumulation)	114.5	123.2xd	+0.5	9.97
Finance & Property*	26.5	28.6	.....	3.76
Foreign††	148.7	154.9	+1.7	1.00
Giants	52.1	56.1	+0.2	4.03
(Accumulation)	68.2	73.4	+0.2	4.03
Gilt & Fixed	40.3	42.2	+0.1	11.99
(Accumulation)	44.9	47.1	+0.2	11.99
Growth	47.2	50.8	+0.3	3.79
(Accumulation)	62.3	67.0	+0.5	3.79
High Income	37.8	40.6	+0.2	8.82
(Accumulation)	64.3	69.1	+0.3	8.82
(8½% Withdrawal)	50.2	53.9	+0.3	8.82
High Yield	41.5	44.8	−0.1	10.88

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	47.7	51.5	+1.0	0.49
Cres. Internat'l.	90.7	97.9	.....	1.60
Cres. High. Dist.	45.5	49.1xd	+0.3	9.67
Cres. Reserves	52.7	56.9	+0.4	5.16
Cres. Tokyo	37.1	40.0	−0.2	0.88

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit. Tst.	23.6	25.0xd	.....	8.52

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. May 15	258.0	275.1xd	.....	4.86

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.9	.....	6.17
Gt. Winchester O'seas	30.2	33.3	.....	3.19

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	94.2	99.3	+0.7	4.38

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	43.9	47.3	+0.6	0.49
Amer. Spec. Sits. (z)	31.5	33.9xd	+0.3	0.18
Gilt + Fixed Int.	23.9	25.2	+0.1	12.46
Growth + Income	35.3	38.0	+0.1	6.81
Maximum Inc. Eq. Tst.	30.7	33.1	+0.2	8.08
Special Sits.	43.3	46.6	+0.4	1.63

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	40.7	44.8	+0.9	1.67
Accum. Units	51.9	55.8	+1.2	1.67
J. Finlay High Income	39.0	41.9	+0.9	9.23
Finlay Wld. Energy	19.3	20.7	+0.2	1.17
Accum. Units	24.9	26.8	+0.3	1.17
J. Finlay Fd. In. Tst.	41.2	44.3	+0.1	5.05
Accum. Units	53.4	57.4	+0.1	5.05

Prices on May 27. Next dealing May 27.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	94.0	100.4	+1.2	0.80
Am. T'around	87.4	93.4	+1.4	1.50
Capital Tst.	66.0	70.4	+0.2	4.30
(Accum. Units)	69.6	74.4	+0.2	4.30
Convertible & Gilt	49.2	51.6	+0.2	9.85
(Accum. Units)	49.2	51.6	+0.2	9.85
Extra Income Trust	56.4	60.2	+0.2	8.62
Income Tst.	44.4	47.4xd	+0.2	7.06
Int. Growth Fd.	72.8	77.8xd	+0.6	1.15
(Accum. Units)	78.4	83.8	+0.6	1.15

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	86.8	93.4	.....	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	66.5	71.1xd	+0.7	4.11
Do. Accum.	97.2	103.9	+1.1	4.12

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital May 21	149.0	150.3	.....	4.66
Gross Inc. May 21	84.2	87.1	.....	11.14
High Yield May 21	97.6	100.7	.....	10.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	163.2	175.4	.....	2.10
Do. Acc.	209.7	225.4	.....	2.10
G.T. Inc. Fd. Un.	220.8	237.4	.....	7.70
G.T. U.S. & Gen.	246.8	265.3	.....	1.40
GT Wld. Bd. Fd.	97.0	101.0	.....	7.90
G.T. Japan & Gen.	121.1	130.2	.....	1.10
Gt. Pens. Ex. Fd.	381.7	401.7	−6.9	1.40
G.T. Int'l. Fund	276.3	297.0	.....	1.40

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	260.3	274.1	.....	3.92

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund April 30	149.45		.....	6.77
Wider Fund April 30	282.20		.....	4.75
Narrower Fd. April 30	77.05		.....	13.22

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	71.6	77.0	+0.7	1.99
(Accum. Units)	77.0	82.8	+0.8	1.99
American Recovery	82.4	88.2xd	+0.8	1.37

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	180.1	193.6xd	+0.9	2.51
(Accum. Units)	233.2	250.7	+1.3	2.52
Income Fnd.	238.5	256.4	+1.3	7.57
(Accum. Units)	401.5	442.4	+2.3	7.57
Gen.	136.8	147.0	+1.5	3.60
(Accum. Units)	185.3	199.2	+2.3	3.60
Europe	20.6	22.1xd	−0.1	2.94
(Accum. Units)	24.6	26.4	−0.2	2.94
Smaller Co.'s	155.0	166.6	.....	2.50
American	57.2	61.5	+0.4	0.99
(Accum. Units)	57.2	61.5	+0.4	0.99
Tokyo	53.2	57.2	.....	0.22
(Accum. Units)	53.2	57.2	.....	0.22
Gilt & Fixed	47.6	50.1	+0.3	11.36
(Accum. Units)	47.6	50.1	+0.3	11.36

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£26.36	—	+0.09	—
Property Units	£14.36		.....	—
Equity Bond/Exec	£17.58	18.60	+0.06	—
Prop. Bond/Exec	£18.82	19.92	.....	—
Bal. Bd./Exec/Unit	£17.77	18.80	+0.06	—
Deposit Bond	140.6	148.8	.....	—
Equity Accum.		378.8	+1.2	—
Property Accum.		£20.04	.....	—
Mngd. Accum.		246.9	+0.9	—
2nd Equity	139.6	147.7	+0.5	—
2nd Property	146.0	154.5	.....	—
2nd Managed	131.5	139.3	+0.5	—
2nd Deposit	123.0	130.2	.....	—
2nd Gilt	100.7	106.6	+0.8	—
2nd. American	141.2	149.4	+1.7	—

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	236.9	248.8	.....	—
Property Series A	146.0	153.8	.....	—
Managed Units	212.3	223.5	.....	—
Managed Series A	124.1	130.6	.....	—
Managed Series C	109.3	115.1	.....	—
Money Units	151.9	159.9	.....	—
Money Series A	121.3	127.7	.....	—
Fixed Int. Fund	114.4	120.5	+1.0	—
Equity Fund	120.1	126.5	.....	—
Pns. Managed Cap.	185.3	195.0	.....	—
Pns. Managed Acc.	216.2	227.6	.....	—
Pns. G'teed. Cap.	134.0	141.1	.....	—
Pns. G'teed. Acc.	156.5	164.8	.....	—
Pens. Equity Cap.	142.3	149.8	.....	—
Pens. Equity Acc.	158.1	166.4	.....	—

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99$\frac{15}{32}$	97¾	Exch. 9½pc 1981	99$\frac{15}{32}$	......	9.54	11.57
98$\frac{1}{16}$	93¾	Exch. 3pc 1981	98$\frac{1}{16}$	+$\frac{1}{32}$	3.05	11.46
99$\frac{11}{32}$	99⅛	Treas. Variable '81‡‡	99¼	......	11.90	12.45
100$\frac{3}{16}$	99¼	Exch. 12¾pc 1981‡	100$\frac{3}{16}$	–$\frac{1}{16}$	12.71	11.95
97½	95$\frac{1}{16}$	Treas. 8½pc '80-82‡‡	97¼	+$\frac{1}{16}$	8.69	12.20
95	91⅞	Treasury 3pc '82‡‡	94⅛	......	3.18	11.67
102$\frac{3}{16}$	100$\frac{1}{2}$	Treasury 14pc '82‡‡	101⅛	......	13.81	12.02
99$\frac{3}{32}$	98$\frac{3}{16}$	Treas. Variable '82‡‡	99$\frac{3}{32}$xd	+$\frac{1}{16}$	13.82	12.65
95¼	93$\frac{1}{16}$	Treasury 8¼pc '82	95$\frac{7}{16}$	+$\frac{1}{16}$	8.65	12.92
96$\frac{5}{16}$	93$\frac{3}{16}$	Exch. 9¼pc 1982	95¼	+$\frac{1}{16}$	9.71	13.19
94⅞	92⅛	Exch. 8¾pc 1983	94¼	+$\frac{1}{16}$	9.28	12.78
89¼	84⅞	Exch. 3pc 1983	88⅝	......	3.39	10.30
99⅜	97⅛	Treasury 12pc 1983‡‡	97$\frac{11}{16}$	+⅛	12.28	13.42
98$\frac{11}{32}$	96¼	Treas. Variable '83‡‡	98¼	......	12.82	12.59
94⅛	92¼	Treasury 9¼pc '83	93	......	9.94	13.09
101$\frac{15}{32}$	99¾	Exch. 13½pc '83	100¼	+⅛	13.46	13.35
94½	92¼	Exch. 10pc 1983	93¼xd	+⅛	10.72	13.28
87¼	84½	Funding 5½pc '82-84‡‡	85¾	......	6.41	11.94
96¼	94½	Exch. 11¼pc 1984	94$\frac{13}{16}$	+⅛	11.84	13.49
103$\frac{1}{16}$	100⅛	Exchequer 14pc 1984	101⅛	+⅛	13.84	13.52
80⅝	78½	Exch. 3pc 1984	79¾xd	+⅛	3.76	10.93
98⅝	95½	Treasury 12pc 1984	96$\frac{3}{16}$	+$\frac{3}{16}$	12.47	13.41
107¼	104$\frac{1}{16}$	Treasury 15pc 1985	104$\frac{7}{16}$	+⅛	14.39	13.50
98⅞	95⅛	Exch. 12pc Cnv. '85	95⅞	+$\frac{3}{16}$	12.58	13.56
75¾	73¼	Treasury 3pc 1985	74⅝	+⅛	4.02	11.05
30$\frac{1}{16}$	27$\frac{1}{16}$	Treas. 11¼pc '85 (£30pd)	27¼	+$\frac{1}{16}$	12.26	13.54

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
67	40	Hewitt (J.)	50	—	1.8	8.8	5.1	2.6
50	26	Highgate & Job 50p	42½	—	—	—	—	—
108	40	Hill (Chas.) £1	106	−2	♦—	—	—	—
37	16	Hirst Mat'son 20p	34	−1	♦0.1	—	0.4	—
96	86	Holden (A.)	96	—	5.0	3.3	7.4	4.7
47	24	Hollis Bros	34	+1	‡1.4	—	‡	—
77	55	Holt Lloyd Int. 10p	68xd	+2	3.17	♦	6.7	♦
163	110	Hoover 'A'	157	—	6.0	—	5.5	—
72	39	Hoskins & H 20p	72xd	+4	2.0	—	4.0	—
64	48	Howard Tenens	60	—	‡2.28	2.0	‡	11.1
420	250	Hunting Assoc.	325	−5	5.0	♦	2.2	♦
160	112	Huntleigh 10p	137	+2	1.5	3.8	1.6	17.1
172	120	Hutch Whamp $HK1	172	+3	Q32c	♦	1.6	♦
15	12	Hyman (I. & J.) 5p	12	—	0.83	♦	9.8	♦
£17⅝	£12⅞	I.C. Industries$1.	£17⅝	—	Q$2.30	—	6.0	—
70	32	ICL	39	+1	2.97	—	10.9	—
44	35	Ingall Inds. 10p	41	—	t2.5	1.6	8.7	11.3
241	188	Initial Services	235	−1	7.5	2.3	4.6	11.6
14	9	Inter-City 20p	14	—	‡0.6	1.8	‡	(8.7)
78	39	J.B. Holdings 10p	76	—	3.0	4.9	5.8	4.6
192	110	Jacksons Bourne	185	−5	5.0	3.3	3.9	11.2
22	12	James (M.) Ind. 10p	22	—	‡0.75	3.9	‡	6.1
206	147	Jardine M. $HK5	206	+5	Q88c	2.0	3.5	23.6
25½	16½	Jentique	24	—	‡1.03	—	‡	—
10	6½	Johnson & Barnes	7#	—	—	—	—	—
249	152	Johnson Clnrs.	236	−1	7.0	3.4	4.2	7.7
*279	186	Johnson Mthy.	265	—	‡9.0	2.8	4.8	(8.3)
92	75	Jourdan (T.) 10p	88	—	5.25	1.8	8.5	9.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
286	242	Phoenix	246xd	−2	14.9	—	8.7	—
220	186	Provident	202	—	11.4	—	8.1	—
257	209	Prudential	215	+2	11.0	—	7.3	—
246	194	Refuge 5p	218	+2	12.3	—	8.1	—
*400	332	Royal	367	+2	24.0	—	9.3	—
135	104	Sedgwick 10p	128	+1	5.0	2.0	5.6	12.7
*94	79	Stenhouse	90	+2	4.65	1.8	7.4	9.4
238	180	Stewart Wr. 20p	227xd	+2	12.0	1.3	7.6	13.2
852	688	Sun Alliance £1	802xd	+4	33.0	—	5.9	—
287	233	Sun Life 5p	283	+1	N7.5	—	3.8	—
758	543	Taisho Mar. EDR	653	−1	♦Q10%	—	0.2	—
208	185	Trade Indemnity	190	+5	6.34	—	4.8	—
£23⅝	£15⅝	Travelers $2.50	£23⅝	−¼	Q$2.88	—	5.9	—
340	257	Willis Faber	325	+3	12.0	2.0	5.3	13.6

LEISURE

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
93	72	Anglia TV 'A'	87	—	5.0	4.6	8.2	3.0
148	117	Assoc. Leisure 5p	138	+1	5.1	2.4	5.3	9.6
84½	61	Barr & W.A.T. 'A'	70xd	+1	3.0	—	6.1	—
57	30	Black Edgtn. 50p	52xd	—	1.0	—	2.7	—
192	121	Boosey & Hawkes	161xd	−2	5.67	—	5.0	—
56	46	Campari Int. 20p	50	−1	‡4.0	1.7	‡	16.4
60	40	Fairline Boats 10p	58	—	d3.5	1.2	8.6	14.4
58	29	Gasgor Pavilion 10p	40	—	—	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	—	Q2.5c	—	3.5
34	14	ACM 20c	30	−2	—	—	—
21	14	Argosy Gold NL 25c	17	—	—	—	—
212	137	Bond Corp.	198	−4	Q7½c	1.9	2.1
102	76	Bougainville 1 Kina	95	−1	Q26.2c	1.8	15.0
302	214	CRA 50c	242	−2	Q19c	1.7	4.3
25	17½	Canada Northwest	19½	—	—	—	—
35	16	Carr Boyd 20c	19	−1	—	—	—
415	80	Central Pacific	150	+20	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	—	—	—	—
47	28	Cultus Pacific N.L.	32	—	—	—	—
63	22	Eagle Corp. 10c	56	−7	—	—	—
40	29	Endeavour 20c	33	+2	—	—	—
500	310	G. M. Kalgoorlie 25c	410	—	tQ13c	♦	1.7
25	10	Great Eastern	13½	—	—	—	—
275	180	Hampton Areas 10p	200	—	t2.5	2.4	1.8
168	56	Haoma Gold N.L.	56	—	—	—	—
85	38	Intl. Mining	42	−3	—	—	—
245	140	Kitchener NL 25c	150	—	—	—	—
105	45	Leichardt Explo.	45	—	—	—	—
430	275	Meekatharra	390	—	—	—	—
70	49	Metals Ex. 50c	63	—	¶Q3c	2.9	2.5
38	20	Metramar Mns. 20cts.	34	−1	—	—	—
272	190	M.I.M. Hldgs. 50c	269	−3	‡Q7.6c	1.7	‡
21	10	Minefields Expl. 25c.	14	+½	—	—	—
115	83	Mount Lyell 25c	110	—	♦tQ15c	1.7	7.5
20	14	Newmetal 20c	14	—	—	—	—
69	41	Nickelore N.L.	64	+2	—	—	—
204	149	North B. Hill 50c.	182	−1	Q18c	3.1	5.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

FINANCIAL TIMES
Thursday May 28 1981

U.S. SAYS IT AVOIDED WAR OVER LEBANON MISSILES

Habib recalled by Reagan

BY DAVID BUCHANAN IN WASHINGTON AND DAVID LENNON IN TEL AVIV

PRESIDENT REAGAN has recalled Mr Philip Habib, his special envoy to the Middle East, to Washington, leaving the U.S. peace mission effectively stalled but with American officials insisting it has succeeded so far in avoiding war between Syria and Israel over the Lebanon missile crisis.

Mr Habib has spent three weeks talking to Israeli, Syrian and Lebanese leaders. It is believed that his presence restrained Israel from trying to destroy Syrian missile batteries placed in Eastern Lebanon after the Israeli airforce intervened last month in fighting between Syrian forces and Lebanese Christian forces.

Mr Habib said at Tel Aviv airport before his departure that he would be returning to the region next week.

He said diplomatic efforts to defuse the tensions in the area and to bring about a peaceful solution to the problem will continue. He was convinced that all the parties were interested in avoiding hostile operations, adding that the restraint of all the sides was essential if the crisis was to be resolved peacefully.

The White House said President Reagan had called his envoy back for consultations. Early on, observers read Mr Habib's return to the U.S. without an agreement as an ominous sign, but a State Department spokesman said that both Israel and Syria were on the record as committed to avoiding conflict and said the U.S. mediation bid was not at a dead end.

Foreign ministers from Saudi Arabia, Kuwait, Syria and Lebanon will meet in Riyadh or Beirut in the next few days to hammer out a framework for a settlement to the strife in Lebanon which would go far beyond resolving the present crisis over the Syrian anti-aircraft missiles in eastern Lebanon.

Diplomats believe that a Saudi-led initiative, discussed at the Arab League summit in Tunis last week, is now under way and that Mr Habib may, while he is in Washington, ask for a mandate from the White House to back it.

Present U.S. diplomatic efforts have apparently hit an impasse in progress towards a long range solution to the power vacuum in Lebanon which has sucked outside parties in. But the extent of this has been almost impossible to gauge because of the virtually unprecedented cloak of secrecy thrown over the Habib mission.

Mr Menachem Begin, the Israeli Prime Minister, who met Mr Habib yesterday morning, said the diplomatic efforts will continue despite the fact that so far these have not borne fruit.

Anthony McDermott adds from Damascus: Syria did not react officially to news of Mr Habib's return to Washington, but it is clear that Damascus is not dismayed by the move.

It is also clear that Syria has not changed its attitude towards the stationing of Soviet supplied anti-aircraft missiles in the Bekaa Valley in eastern Lebanon and that they are entirely defensive and legitimate.

Syria is also revealing very little about the role of Saudi Arabia in Mr Habib's diplomacy. Col. Rifaat Assad, the brother of Syria's President, recently returned from talks with Prince Abdulah, the commander of the Saudi National Guard in Riyadh.

Arab ministers meet over crisis, Page 4

Richardson wants U.S. to change its policies

By Peter Riddell, Economics Correspondent

A SHIFT in the balance of the U.S. Administration's fiscal and foreign exchange intervention policies might help reduce the discomfort for other countries from the necessary fight against inflation, Mr. Gordon Richardson, Governor of the Bank of England, said yesterday.

Mr. Richardson's wording was characteristically cautious and opaque. But his meaning was clear, that a less dogmatic attitude by the U.S. would help reduce both the general level of interest rates and the extent of the present volatility in exchange rates.

The Governor's comments, at a Financial Times lunch in London for representatives of the foreign banking community, reflect the concern of several central bankers about the recent turbulence in financial markets.

Mr. Richardson was careful to express strong support for the U.S. Government's battle against inflation.

"It is in our interest that the U.S. follow firm policies in both the monetary and fiscal fields, even if they are not those most immediately comfortable for us to live with."

His reservations were about the methods of cutting inflation. He noted the dilemma that the need for restrictive policies in the U.S. meant that European countries must either face a big rise in their interest rates or run the risk of depreciating exchange rates, with the attendant likelihood of rekindling domestic inflation.

Mr. Richardson said if had been argued that "the general level of interest rates would be reduced without inflationary danger if the balance within the overall restrictive stance of policy were switched more towards a greater emphasis on fiscal restraint.

"This is certainly a point of view which has its attractions for bankers, central bankers in particular."

On volatility in exchange rates, Mr. Richardson said: "The resort to widespread market intervention has been understandable, not only in terms of the rules of the European monetary system, but also because the volatility has apparently been more closely related to interest rate differentials than to underlying rates of inflation.

"Few would claim that intervention should be assigned a dominant role, but in a strong wind a hand on the tiller can be helpful."

THE LEX COLUMN

T & L refines its earnings mix

Tate and Lyle's interim profits are up 30 per cent from last year's depressed level to £12.3m pre-tax for the six months to March, and the mix is very much healthier. The commodity trading businesses have contributed half, rather than three-quarters, of pre-interest profit (partly for the wrong reason: T and L was too bullish of sugar at one stage) while the repeatable manufacturing earnings are stronger.

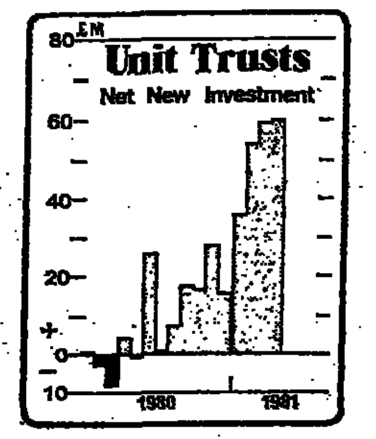
UK sugar refining will see increasing benefits from the Liverpool refinery closure next year, although the savings of £10m per annum that the company was talking about when it announced the closure depend very much on volume holding up better than at present.

The balance sheet is no longer any problem. Ship sales will cover the Liverpool redundancy costs, shrinking refining volume has reduced working capital needs, and net borrowings will be little changed, at around £75m, in September.

For the full year T and L ought to beat 1979-80s £30.7m pre-tax; by how much will depend largely on the experience of sugar trading over the summer. If all is going well (especially in sugar refining) next January it is possible to imagine a small rise in the final dividend. On this basis there should be solid support for the shares, which at 182p, down 4p yesterday, yield 8.4 per cent on an unchanged payout.

By mid-1982 the surgery of the past 12 months should have turned Tate and Lyle into a solidly based business, generating cash but with restricted scope for growth. The question then will be whether the management is able to avoid the temptation of repeating the expansion of the mid-1970s.

Index fell 2.2 to 545.4



Allied Irish Banks

The rights issue by Allied Irish Banks—raising I£32.5m gross—came as no surprise at all in Dublin, and the shares rallied after recent slight weakness; in London the price improved 6p to 116p. With full year historical cost pre-tax profits up 31 per cent to I£52.9m, incorporating a second half jump of 45 per cent, AIB has followed the pattern of the rival Bank of Ireland which reported two weeks ago. Bigger second half current account balances and more favourable payroll trends have affected the pattern in both cases. And internal inflation and external currency depreciation have sent balance sheet totals shooting up —with deposits up by 36 per cent for AIB.

So AIB has stepped in with a rights issue before Bank of Ireland, though strictly speaking it was the latter's turn because it has not turned to shareholders since May 1976 compared with June 1977 for AIB. A property revaluation has bolstered AIB's net worth, but the free equity ratio on the basis of a summarised balance sheet is down from 3.3 to 2.9 per cent. The issue comes straight after the Jefferson Smurfit rights, but exchange controls have probably left the Irish investment institutions with more than enough liquidity to cope without indigestion; probably under a third of the AIB equity is held in the UK.

Milan Bourse

The prospect of a socialist-led government clearly does not have the same connotations for the Italians as for the French. The election of M Francois Mitterrand provoked turmoil on the Paris bourse earlier this month but the possibility that Sig Bettino Craxi, the socialist leader, may be asked to form a government next week amid crisis measures to support the lira has scarcely interupted the Milan market's upward course.

The Banca Commerciale index, which has roughly tripled in the past year, reached a record high of 287 last Thursday—the day after the arrest of the country's most prominent private sector banker. It dropped around 5 per cent early in the week but recovered almost half those losses yesterday.

Technical factors remain the market's main prop. Negative real interest rates throughout the bond and money markets, a high level of liquidity and exchange controls are all supporting the flow of funds to the market while the pace of rights issues has slowed. The bulls are still arguing that financial stocks are cheap in relation to true net worth but most UK investors would probably baulk at paying, for example, 4½ times disclosed net worth for a stake in a commercial bank.

M&G

After nearly a decade in the doghouse, the unit trust movement seems to have succeeded in rekindling enthusiasm among investors. In the first four months of the year, net new investment has totalled £211m, which compares with an inflow of £107.8m for the whole of 1980, and £241.3m in the peak year of 1972. At the same time the 10-year decline in the number of direct unitholders has been stemmed. The revival of interest—if sustained—should do wonders for the profit and loss accounts of the unit trust companies themselves, as suggested by yesterday's interim figures from M and G. With its tax troubles firmly in the past, the group's pre-tax profits have leapt from £1.2m to £2m.

Rising stock markets round the world have encouraged interest in equities, and the movement has capitalised on investment fashion by launching new trusts specialising in overseas markets or in technology. Indeed last year the movement was a small net seller of UK equities — to the tune of £29m.

In M and G's case the best of the profits may be yet to come. High sales of new units means income from initial charges has been buoyant in the first half (to March). But the group's exposure to high-yielding and recovery stocks means that the portfolio will have been given a healthy boost by the April surge in the UK stock market, as well as producing profitable opportunities for buying back and selling on its own units.

NCC/Simplicity

Simplicity has nothing to do with it. The deal between NCC Energy and Simplicity Pattern involves a swap of one NCC share for 0.252 of a Simplicity unit, plus 0.142 of a warrant to buy a Simplicity share at nearly twice the current price. Meanwhile, most existing Simplicity shareholders are expected to be bought out through a loan note and warrant transaction. To encourage them to do so, they will be reminded that future dividends could be much lower.

Corporation of London to sell Billingsgate

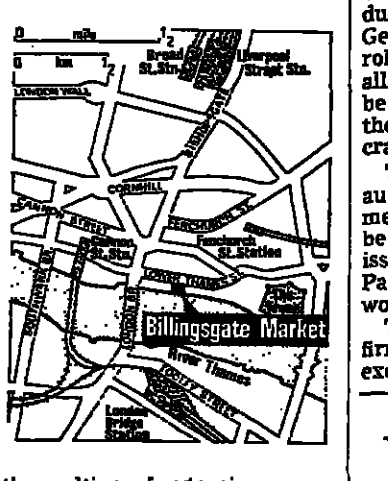
By William Cochrane

THE CITY of London Corporation is to sell historic Billingsgate Market. The centuries-old fish market site will make way for an office development overlooking the Thames at the north-east corner of London Bridge.

The 1½-acre site has been beset with obstacles to development. The City Corporation originally wanted to demolish the 19th century market building but in April last year Mr. Michael Heseltine, the Environment Secretary, put a preservation order on the building, necessitating a public inquiry before demolition could take place.

The following June the Corporation applied for listed building consent to demolish the building but it has since asked that no further action should be taken on this. "We are working full out to sell the building," the Corporation said yesterday. 'It is our absolute intention to sell it and get the best price. The City is always reluctant to sell freeholds but in this case it is on offer."

There were also reports that



the melting of extensive permafrost under the cold stores would jeopardise the foundations of the building if refrigeration was switched off.

The Corporation said yesterday its consulting engineers had advised that there appear to be no significant problems in that context. "However," it said "the thaw could take considerable time and may delay the commencement of renovation work."

The future of the site has been the subject of intense speculation and argument over the past three years.

It was agreed in May 1979 that the fish market itself would move to the Isle of Dogs in East London. This is planned to happen at the end of this year at an estimated overall cost of £11m.

The City Corporation will meet £6m of that with the remainder shared between the London borough of Tower Hamlets and the Department of the Environment.

The Corporation said yesterday it was optimistic that the offers which are being sought will not only be enough to allow the market building to remain and be brought into some productive use, but will also pay for the new market.

Because of the preservation order on the present building, space for the new development will basically be provided by the existing vehicle park site of just over 29,000 sq ft, which could house about 225,000 sq ft of offices, homes, shops, licensed premises and open space.

The Corporation has already obtained outline planning permission for this and the site is being put on the market jointly by the City Surveyor and estate agents St. Quintin.

In addition, the London Commodities Exchange and John Swire and Sons put in a separate application for planning consent for a 385,000 sq ft mixed development scheme last December, which was granted in the middle of this month.

Lloyd's set to accept divestment proposals

BY JOHN MOORE

LLOYD'S of London, the insurance market, is set to accept a complete divorce between insurance brokers and underwriters.

This was the crucial recommendation last week of the House of Commons committee investigating the priavte Lloyd's Bill now going through Parliament.

Detailed legal argument is expected to take place between lawyers acting for Lloyd's and the Commons committee over the precise meanings of the wordings of the MP's verdict. Lloyd's appears before the Commons committee next Monday when it will inform Parliament of its decision.

The 16-strong ruling committee of Lloyd's met yesterday to consider the MP's decision. Mr Peter Green, Lloyd's chairman, met with the chairmen of the associations representing the motor, aviation, marine and non-marine insurance markets, and Mr Robin Warrender, chairman of the Lloyd's insurance brokers committee.

The key part of the Commons committee's decision was that the Bill, for improving Lloyd's self-regulation, "ought to be amended so as to provide for complete divestment between brokers and underwriters, and also preclude managing agents acting as members' agents, and that this should be done within five years of the Bill receiving the Royal Assent."

If implemented, this provision could mean the biggest upheaval Lloyd's has seen in over 300 years.

Now the brokers are concerned that the Commons committee's ruling has a wider application. They want to know whether any provision will require them to divorce themselves, not only from their Lloyd's underwriting interests but also from their underwriting interests outside Lloyd's.

If they were forced to sell off their non-Lloyd's underwriting interests the brokers would lose another significant part of their revenues.

Underwriting managing companies, which look after the affairs of Lloyd's syndicates, are worried about the consequencies of being precluded from acting as members' agents, those groups which introduce new members to Lloyd's.

They say that the case was not properly argued before the Commons committee, and want clarification on the ruling.

If Lloyd's embraces the Commons decision, it will have to seek support from its members on the new provision. Lloyd's is studying the procedural implications.

£1.8bn Tornado contracts soon

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONTRACTS FOR a four production batch of 162 Anglo-West German-Italian Tornado multi-role combat aircraft, costing in all about £1.8bn, are likely to be received soon by Panavia, the combine building the aircraft.

The order has already been authorised by the three governments, and materials began to be ordered some time ago. The issue of detailed contracts to Panavia will ensure that the work can proceed smoothly.

The batch brings the total of firm Tornado orders to 476, excluding the six pre-series and nine prototype aircraft.

It is expected that 809 Tornado aircraft will be ordered, of which 385 will be for the RAF, 324 for West Germany and 100 for Italy.

Of the 385 aircraft for the RAF, 220 will comprise the basic strike version, and 165 will be of the specialist "air defence variant" (ADV) designed for UK air defence and to be used only by the RAF.

The first three batches have comprised the basic strike version but the fourth brings the first ADV aircraft into the manufacturing programme.

There will be two more batches, each of more than 160 aircraft, to complete the planned total. The fifth will be authorised next year, and the sixth and last in 1983.

As revealed in the Defence White Paper recently, the current cost of a basic Tornado is about £11.4m, and that of an ADV about £14.3m.

The overall cost of the UK's 385 aircraft is about £4.87bn. With the £800m UK share of development costs, total Tornado programme costs to the UK will be about £5.67bn.

North Sea oil price Continued from Page 1

BNOC's buying price influences its selling price—in essence a few cents a barrel more—which, in turn, sets the pattern for all North Sea tariffs.

At present, the contractual price of reference Forties Field crude is $39.25 a barrel. But, in view of the world's over-supply of oil, it is now possible to buy small quantities of North Sea crude on the spot market at $33.50 a barrel—and less in some cases.

Middle East crude of inferior quality is also available for around $32.50-$33.50 on the spot market.

UK refiners have told BNOC and the Government that they cannot make a profit by refining high-cost North Sea crude and selling products, like petrol, into highly competitive markets where prices have been pegged. So even if BNOC lowered its rates, it is unlikely that products would become cheaper.

Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, is continuing his efforts to force through a unified price structure which failed to materialise at Opec's ministerial meeting.

For the time being, at least, Saudi Arabia is not raising the price of Arab Light oil—the official reference for all other Opec crudes—and will continue producing oil at a rate of up to 10.3m barrels a day, over 40 per cent of total Opec output this year.

Sheikh Yamani dashed the hopes of other producers that Saudi Arabia, the world's biggest exporter, would increase the official selling rate from $32 to $34 a barrel, thus bringing the reference price closer to the $36 that most other members have observed as a "marker" since the beginning of the year.

Yet doubts remained about the kingdom's intentions. Sr Humberto Calderon Berti, Venezuela's Minister of Mines, who held intensive consultations with Sheikh Yamani, said that his personal opinion was that Saudi Arabia would increase its price "maybe $2 a barrel," and that it would reduce its output by 1m to 2m barrels a day.

"They did not want to discuss their production levels and we respect their position," he said.

Hopes of a compromise receded rapidly when Sheikh Yamani demanded that the North African producers — Libya, Algeria and Nigeria — reduce the official rates charged for their premium crudes from $40-$41 to $38-$39 and also commit themselves to a price freeze until the middle of 1982, according to senior delegates.

The impression left by Sheikh Yamani, however, was that, at the insistence of Crown Prince Fahd, the kingdom wants to force a compromise through its predominant power in the market place,

They reacted to Saudi Arabia's dogged stance by proving for the first time in Opec's history a co-ordinated production cut — but one that excludes Iraq and Iran because of their need to recover their share of the market lost as a result of the Gulf war.

French Cabinet reforms Continued from Page 1

previous Government's attitude toward the pressures on the franc building up on the exchange markets.

Measures to defend the franc, he said, should have been taken much earlier by M Barre's Government, which had done nothing more in the period immediately preceding the installation of the new Socialist Government than prompt a "timid, increase in interest rates.

M Jacques Delors, the Finance Minister, said that the budget deficit, which the last Government had set at FFr29bn for 1981, had already reached FFr 47.5bn.

The Government has thus wasted no time in trying to impress on the country that M Mitterrand is serious about fulfilling his election campaign promises and significantly, it has not limited its measures to the economic and social fields.

The President has begun to put into effect his ideas on human rights and justice.

Deeply opposed to the death penalty, M Mitterrand has already commuted the sentence of one man condemned to death for the murder of a policeman to life imprisonment. No one doubts that a Bill abolishing the death sentence will be introduced very quickly once the Parliament is elected.

Expulsion of immigrants has been suspended by M Gaston Deferre, the Interior Minister, unless they are a threat to public order and the Government is preparing a general amnesty measure described as "generous and marked by the spirit of reconciliation."

The quick start by the Government in implementing M Mitterrand's programme is not entirely motivated by idealistic considerations.

With the general election little more than two weeks ahead M Mitterrand is doing everything he can to benefit fully from the popular goodwill the Socialists have built up as the result of their election.

As the President emphasised after yesterday's Cabinet meeting the long-term success of the Socialist Government's policies depends on whether it can win a working majority in the National Assembly to be elected.

Weather

UK TODAY

SUNNY in most districts, outbreaks of rain in the south.

London, S.E., Central Southern England
Rain later. Max. 15C.

E. Anglia, Midlands, S. Wales
Dry, cloudy. Max. 15C.

E. England, N. Wales, N.W. England, Lake District, Isle of Man, N. Central England, Borders, Edinburgh, Dundee, S.W. Scotland, Northern Ireland
Showers. Max. 16C.

Orkney, Shetland
Cloudy, may be rain later. Max. 11C.

Aberdeen, Moray Firth, N.E. Scotland
Cloudy, mostly dry. Max. 13C.

Glasgow, Central Highlands, Argyll, N.W. Scotland
Some heavy showers. Max. 15C.

Channel Is., S.W. England
Outbreaks of rain. Max. 14C.

Outlook: Occasional showers. Near normal temperatures.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	20	68	L. Ang.†	C	16	61
Algiers	S	23	73	Luxmbg.	C	13	55
Amsdm.	F	17	63	Luxor	S	36	97
Athens	S	23	73	Madrid	S	17	63
Bahrain		—	—	Majorca	S	23	73
Barclna.	F	19	66	Malaga	S	25	77
Beirut	S	24	75	Malta	S	23	73
Belfast	F	12	54	M'chstr.	C	15	59
Belgrd.	S	29	84	Melbne.		—	—
Berlin	R	17	63	Mx. C.†		—	—
Biarritz	C	14	57	Miami†	F	26	79
Bmghm.	C	14	57	Milan	F	18	64
Blackpl.	C	13	55	Montrl.†	C	18	64
Bordx.	C	16	61	Moscow	S	26	79
Boulgn.	C	12	54	Munich	C	11	52
Bristol	R	13	55	Nairobi		—	—
Brussels	F	15	59	Naples	C	21	70
Budpst.	F	26	79	Nassau		—	—
Cairo		—	—	Nwcstl.	C	13	55
Cardiff	R	11	52	N York†	S	24	75
Cas'b'ca	S	19	66	Nice	C	18	64
Cape T.		—	—	Nicosia		—	—
Chicg.†	F	14	57	Oporto	F	15	59
Cologne	C	14	57	Oslo	F	20	68
Cpnhgn.	R	12	54	Paris	F	14	57
Corfu	S	26	79	Perth		—	—
Denver†	F	14	57	Prague	F	15	59
Dublin	C	13	55	Reykjvk.	C	10	50
Dbrvnk.	C	23	73	Rhodes	S	25	77
Ednbgh.	F	13	55	Rio J'o†		—	—
Faro	S	19	66	Rome	F	20	68
Florence	F	20	68	Salzbrg.	C	13	55
Frankft.	R	14	57	S F'cisc†	C	12	54
Funchal	C	18	64	S. Moritz		—	—
Geneva	C	11	52	Singapr.		—	—
Gibraltar	S	22	72	S'tiago.†		—	—
Glasgow	R	14	57	Stckhm.	F	19	66
G'rnsey	C	11	52	Strasbg.	C	15	59
Helsinki	F	18	64	Sydney		—	—
H. Kong		—	—	Tangier	S	21	70
Innsbrk.	R	9	48	Tel Aviv	S	26	79
Invrnss.	F	14	57	Tenerife	F	16	61
I.o.Man		—	—	Tokyo		—	—
Istanbul	S	22	72	T'ronto†	R	14	57
Jersey	S	13	55	Tunis	F	22	72
Jo'burg		—	—	Valencia	S	23	73
L. Plms.	C	20	68	Venice	F	21	70
Lisbon	F	17	63	Vienna	F	24	75
Locarno	C	13	55	Warsaw	F	25	77
London	C	15	59	Zurich	R	10	50

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

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